

**THE CARIBBEAN:
VENEZUELAN DEVELOPMENT**

edited by
A. CURTIS WILGUS



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The

CARIBBEAN:

VENEZUELAN DEVELOPMENT

A CASE HISTORY

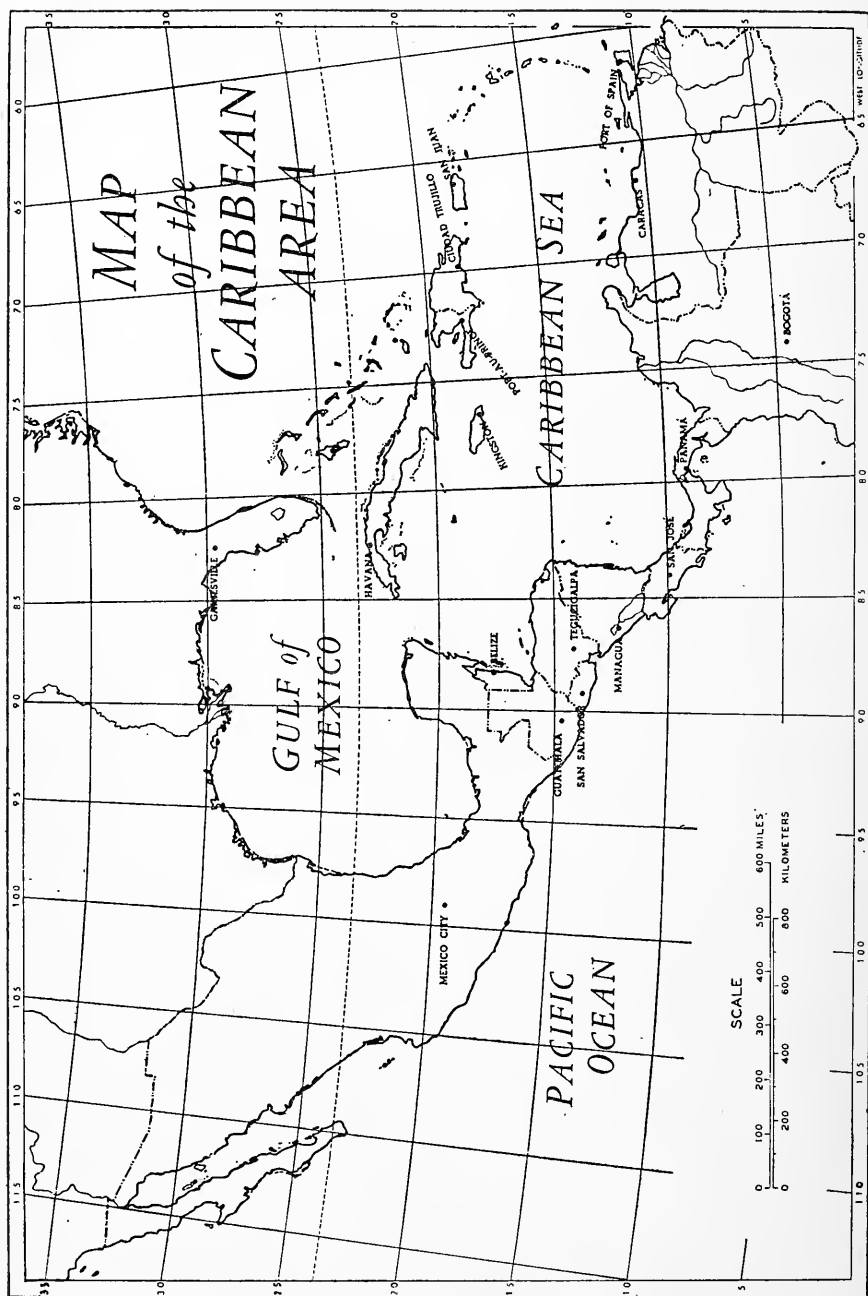
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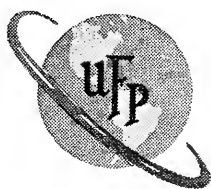
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1963

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Foreword

WE, AT THE UNIVERSITY of Florida, believe that the Thirteenth Annual Caribbean Conference held in December, 1962, is not only unique in many ways but will be remembered as a series of meetings in which almost one hundred Venezuelans participated in discussions on a most important topic, namely, "Venezuelan Development, A Case History." Fifteen Venezuelan experts in government, business, and education presented papers in their individual fields of interest which lent an authentic tone to all of the meetings.

At no previous conference have we had the privilege of intimate discussion with so many leading authorities on the topics presented in the program. We also enjoyed the privilege of having seven representatives from the United States prepare and deliver conference papers. Moreover, simultaneous translation was provided in Spanish and English, and audience participation was enthusiastic and most important. It is not surprising, therefore, that this conference was more widely attended, both as to delegates and geographical spread, than previous ones.

The undoubted success of this conference was made possible by the complete and enthusiastic cooperation of the Creole Petroleum Corporation with headquarters in Caracas. We deeply appreciate the splendid and intelligent cooperation of this company.

As with past conferences, the papers contained in this volume of proceedings are published in an attractive format by the University of Florida Press, which enjoys a wide reputation for the excellence of its book designing and typography.

J. WAYNE REITZ, *President*
University of Florida

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Introduction

ESTEBAN GIL BORGES, STATESMAN OF THE AMERICAS
(1879-1942)

AT THE PAN AMERICAN UNION in Washington, D. C., on August 24, 1943, the American republics paid tribute to a distinguished Venezuelan statesman and a leading authority on inter-American relations, who for twelve years (1924-36) had served as Assistant Director of the Pan American Union. The tribute consisted of unveiling a portrait, draped with a Venezuelan flag, of this great son of Venezuela. Before an audience that filled the room, Dr. Gil Borges' successor, Assistant Director of the Pan American Union Dr. Pedro de Alba, began the ceremony by recalling in his inimitable fashion the brilliant public career of Dr. Gil Borges. The Director-General of the Pan American Union, Dr. Leo S. Rowe, then expressed sentiments of affection and esteem for his good friend and colleague. His Excellency, Dr. Diógenes Escalante, Ambassador of Venezuela to the United States, removed the Venezuelan flag from the portrait and expressed his personal and his country's feelings concerning Dr. Gil Borges. The ceremony ended when the Director-General and the Assistant Director of the Pan American Union placed a wreath of flowers before the portrait. A few days after the ceremony the Minister of Foreign Affairs of Venezuela, Dr. C. Para Pérez, sent a cablegram to Dr. Rowe expressing his personal feelings and the feelings of the Venezuelan

government and people for the commemoration sentiments which so well expressed opinions of inter-Americanists everywhere.

This ceremony at the Pan American Union was only one of many following the death of Dr. Gil Borges. On October 7, 1942, at a special session of the Governing Board of the Pan American Union, one of the actions was the adoption of a resolution of condolence which the Director-General was asked to transmit to the government of Venezuela and to the family of Dr. Gil Borges. Many notices of the death of the great Venezuelan are found in popular periodicals and scholarly journals throughout the Americas. His innumerable friends remembered his outstanding contributions in the field of inter-American relations, for he had devoted much of his life to improving mutual respect among the American peoples and governments. Dr. Gil Borges' reputation was world-wide and everywhere he was recognized as one of the leading statesmen of the Americas. The present writer enjoyed the pleasure, privilege, and honor of working with Dr. E. Gil Borges on a number of occasions in Washington, and he is happy to have the opportunity to acknowledge his personal regard for this great Venezuelan statesman.

It seems especially fitting here in this volume on the history of Venezuelan development to associate Dr. Gil Borges' name with leading Venezuelan diplomats, statesmen, businessmen, and others (many of them his friends) who present collectively their individual opinions concerning the multitudinous national and international problems of an emerging Latin American country. The survey herewith of the life and activities of Dr. Gil Borges clearly proves that he is worthy to be ranked among the contemporary leaders of national and international reputation in present-day Venezuela.

I

Dr. E. Gil Borges was born in Caracas on February 8, 1879. After graduating from the Colegio Villegas in Caracas he entered the National University of Venezuela in 1892. Here he studied political and social sciences and in 1898 obtained his doctorate, with special interest in international public and private law and inter-American affairs. Although Dr. Gil Borges was to devote his entire life to public service he greatly enjoyed his home life. He married Matilda Martínez Paz Castillo and three children were born to them.

In 1900, at the age of 21, he was appointed counselor on questions of international law to the Venezuela-Colombian Mixed Frontier Commission. After two years with this body he was appointed Commissioner of the Supreme Court of the Federal District and in 1903 he became President of this Court. But Dr. Gil Borges' education prepared him for more important positions. In 1909 he became first secretary and in 1911 Councilor of the Venezuelan Embassy in Washington. In 1914 he became Councilor of the Venezuelan Embassy in Paris and the next year he was put in charge of his government's diplomatic negotiations in Spain. In 1916 he became Juridical Councilor of the Ministry of Foreign Relations of Venezuela, and three years later, in 1919, he was appointed Minister of Foreign Relations. In 1921, when the statue of Simón Bolívar was dedicated in New York City, Dr. Gil Borges was appointed Special Ambassador to this inauguration.

In 1924 Dr. E. Gil Borges was honored by the American republics by being elected Assistant Director of the Pan American Union in Washington. He served for twelve years until 1936, when at that time he again became Minister of Foreign Relations of Venezuela, in which position he remained until his death in 1942.

This brief recital of a number of important positions held by Dr. Gil Borges does not do adequate justice to his wide influence. During two periods of his life, Dr. Gil Borges served as Professor at the University of Caracas. From 1903 to 1909 he taught a variety of subjects at the National University including history, sociology, political economy, and the philosophy of law. In 1918 he became Professor of International Law and Diplomacy at the National University. At this institution he was a popular lecturer, and his wide knowledge of international affairs and especially inter-American relations enabled him to win many students in support of improved inter-American cooperation. Dr. Gil Borges was also a cultural missionary and a great proponent of the American way of life. He never missed an opportunity to promote the cultural and economic interests of his native country.

Dr. Gil Borges was a forceful public speaker, and he never spoke more brilliantly than when he was before a popular audience. An example of his delight at public appearances is evident from reports in the *New York Times* of April and May, 1921, on the occasion of the presentation of the statue of Simón Bolívar to the city of New York. As special envoy of Venezuela to the United States, and as Minister of Foreign Affairs, he was given

a typical New York welcome. The statue was in Central Park and Grover Whalen organized a parade up Fifth Avenue. Dr. Gil Borges was the first to speak and the *New York Times* reported that he "presented the statue with a flow of oratory that awakened Monsieur Viviani, master of French oratory, and considered the finest orator in the world." The mayor of New York City, John F. Hylan, accepted the gift for the city and praised Bolívar with only slightly less brilliance than did Gil Borges, using fewer words, however. President Harding was almost late for the ceremony but he finally arrived to make an address, pleading for a spiritual union between North and South America and reaffirming that the United States was ready to fight for the Monroe Doctrine. President Harding and his important pronouncements, especially regarding the forthcoming naval disarmament conference in Washington, attracted world-wide attention to this ceremony.

From New York City Dr. Gil Borges travelled for two weeks in various parts of the United States. In Chicago he expressed the desire that trade might develop between Venezuela and the Mississippi Valley. He referred especially to industrial manufacturing in the Middle West and the use of raw materials from Venezuela. He added simply: "We need what America has, and you want what we have."

Because of the remarks made at the dedication of the Bolívar statue, General Juan Vicente Gómez, President of Venezuela, decided to ask for the resignation of Dr. Gil Borges from the position of Minister of Foreign Affairs. Observers immediately jumped to the conclusion that General Gómez was unhappy because Dr. Gil Borges had praised Bolívar too much and President Gómez too little!

Fortunately for Gil Borges, and for the cause of Pan-Americanism in general, he now decided to leave Venezuela and take up residence in Washington, D. C. This he did in October, 1921, hoping to join the law firm organized by Breckinridge Long, who had served as Third Assistant Secretary of State under President Woodrow Wilson. It was while Dr. Gil Borges was in Washington that he was elected Assistant Director of the Pan American Union to fill the vacancy caused by the death of Dr. Francisco J. Yanes, another Venezuelan.

Dr. Gil Borges' contribution to inter-American peace and good will in this strategic position was made through many speeches and addresses, but especially through special studies and reports which

he prepared as Assistant Director. His interests ranged over all topics of an inter-American nature. In 1927, for example, he was instrumental in organizing with a number of scholars in Washington discussions which culminated in the creation in 1930 of the Inter-American Bibliographical and Library Association. In this connection he helped to organize the program for a conference on bibliography to be held in Havana in February, 1930. Because this conference did not convene, Dr. Gil Borges decided to appoint an advisory committee on bibliography for the Pan American Union, on which the writer was pleased to serve. As long as Dr. Gil Borges remained in Washington, he was interested in bibliographical and library activities.

After the death of President Gómez in December, 1935, the Minister of War, General Eleazar López Contreras, became Provisional President and eventually President. Reforms were needed everywhere and the new executive appointed Dr. Gil Borges Minister of Foreign Affairs in February, 1936. Dr. Gil Borges served until his death in 1942. One of his contributions to the government of Venezuela at this time was that he brought about a reorganization of the Department of Foreign Affairs and abolished bureaucratic bickering. He believed that Venezuela could now put into effect some of the ideas of Bolívar's dream of 1826 at the Congress of Panama. He now became one of the outspoken exponents of inter-American friendship and cooperation. This objective he considered first and foremost in Venezuela's foreign relations, and in 1939 he informed the League of Nations that his country was withdrawing from that organization.

Fortunately for the Inter-American System, Dr. Gil Borges was Minister of Foreign Affairs of Venezuela during the meeting of several important inter-American conferences. On September 23, 1939, the Pan American Conference on Neutrality met in Panama, and on October 2 the delegates signed the "Declaration of Panama," which presented a united front to the belligerents and which created a "safety zone" about the continents, exclusive of Canada. Dr. Gil Borges played an important part in these discussions and his ideas were always considered with respect. This conference also created an Inter-American Financial and Economic Advisory Committee of twenty-one financial experts, one from each country, to sit in Washington beginning November 15, 1939, and to continue for the duration of the war. The conference further provided for the meeting of an Inter-American Neutrality Committee of seven mem-

bers to study and make recommendations concerning neutral problems for the duration of the war.

From July 21 to 30, 1940, another Conference of Foreign Ministers was held, this time in Havana, Cuba. At this meeting, the United States delegation was headed by Secretary of State Cordell Hull, while Dr. Gil Borges attended as Minister of Foreign Affairs of his own country. At the meetings a plan presented by Dr. Gil Borges was adopted by the delegates as "Resolution XV," which made provision for close collaboration among the American republics, collectively or in groups, if aggression was threatened against any one of them.

II

Throughout his entire career, Dr. Gil Borges led a quietly active life. His friends were frequently amazed at the depth and breadth of his thinking as expressed in speeches, conversation, and writings. During his busy life he maintained membership in scholarly academies, societies, and associations throughout the hemisphere, and in a few of these organizations he played an active part. Dr. Gil Borges' many talents were widely recognized and he received a doctorate *honoris causa* from Georgetown University. Many decorations were presented to him, including the Order of the Liberator of Venezuela, the Order of Isabel la Católica of Spain, the Order of the Sun of Peru, the Order of Merit of Chile, the Order of Merit of Ecuador, the Vasco Núñez Medal of Panama, the Manuel de Céspedes Medal of Cuba, and the Medal of the House of Orange of Holland.

The publications of Dr. Gil Borges are too numerous to list here. These, however, range through all phases of national and international law, especially the codification and unification of national and international law, the evolution of international law, the various arbitral problems between American states, and the philosophy and history of law.

An appreciation of Dr. Gil Borges' contributions in the inter-American field was aptly summed up by Sumner Welles, one-time Under-Secretary of State for Latin American Affairs. In a cable dated August 4, 1942, sent to the Minister of Foreign Affairs of Venezuela, Mr. Welles said: "During the years Dr. Gil Borges was in Washington, he endeared himself to all those who had the good fortune to be associated with him. His untiring devotion to the

strengthening of the friendship between Venezuela and the United States and to the great cause of inter-American relations, and his brilliant practical demonstrations of that devotion during his two periods as Foreign Minister of your great country have earned him a lasting place in the grateful memory of the people of the United States."

In March, 1936, when Gil Borges gave up his position as Assistant Director of the Pan American Union to become Minister of Foreign Affairs of Venezuela, Cordell Hull, Secretary of State of the United States, paid tribute to him in a message to the Governing Board of the Pan American Union: "During the twelve years that he has occupied this important post, he has proved himself a devoted servant to the cause of Pan-Americanism. In the fulfillment of his duties, he has given evidence of ability of the highest order. His fine personal qualities have endeared him to every member of the Board. On this occasion I wish to express to Dr. Gil Borges, in your name as well as in my own, the deep sense of appreciation of the Board for the important service that he has rendered and to combine therewith our warmest wishes for the fullest measure of success in the fulfillment of the important duties which the President of Venezuela has entrusted to him."

Dr. Leo S. Rowe, Director-General of the Pan American Union, had this to say: "I feel under a special debt of gratitude to him for his constant and loyal cooperation. During the twelve years that we have worked together, his broad statesmanlike outlook has been of the greatest value in the fulfillment of the functions entrusted to the Union. Venezuela may well congratulate herself in securing for the high post to which he has been called the services of a man of broad vision and high ideals."

Dr. Gil Borges was much moved by the tributes paid to him at this meeting, and he expressed his warm appreciation for the fine cooperation that members of the Governing Board had given to him and to Dr. Rowe, and thanked them individually and collectively. Dr. Gil Borges said, among other things, "By means of the unremitting effort of the Governing Board, the Pan American Union has come to be a symbol of the spirit of the Americas, a tangible expression of a civilization mounting to a historical height whence may be discerned a future of peace, justice, liberty, and of social and political perfection for the nations of this hemisphere. There is no one but must admire the builders of this work of peace and concord and look confidently to the future of the under-

taking in whose service so many minds work harmoniously together to broaden and strengthen this great organization of the Pan American Union, already one of the most effective forces in promoting the peace and happiness of America and the world."

III

In the brief space allowed here it is not possible to do justice adequately to the views and opinions of Dr. Gil Borges on the great variety of topics and subjects in which he was interested and which he discussed both orally and in writing, characterized by an exceptional command of English language and style. However, a few quotations taken from Chapter V in a volume entitled *Modern Hispanic America*, edited by myself and published by the George Washington University Press in 1933, will suffice. The chapter is historical and is entitled "The European Policy of Equilibrium and the American Policy of Continental Solidarity." It is divided into four sections, the first entitled "The Spiritual Heritage of America." In speaking of the ideological factors in Hispanic American international policy, Dr. Gil Borges wrote:

Though the contribution of Hispanic America to civilization in the fields of art, science, philosophy, and literature has been great, its greatest services have been rendered in the political and international fields. The noblest part of the mission of Hispanic America has been the effort, continued without interruption throughout a century by her statesmen, philosophers, and people, to build in the New World a society of nations which might live in accordance with the ideals of democracy, international peace, and fraternity. These are the firmest, the strongest, the most permanent threads in the fabric of Hispanic American civilization, and thought and action have moved steadily onward along these lines. They are threads which reach deep into the past and far into the future of the race; they stand out unbroken and luminous against the background of the history of the people.

Of all the elements of civilization which Spain brought to the New World, none had greater historical significance, none had a more profound influence on the formation of the national and international conscience of America than these two ideals; of democracy as the basis of the political society, and of human solidarity and fraternity as the foundation of the international society (pp. 338-39).

In the second section of Dr. Gil Borges' paper entitled "The

European System" he emphasizes the importance of the concept of the balance of power.

At the end of the fifteenth century certain events took place which had a far-reaching influence on international relations. They were the discovery of the New World and the opening of new routes to the Orient. The civilization that had started in Asia and then transplanted and developed in the basin of the Mediterranean entered with the discovery of America on a period of trans-oceanic civilization.

This period brings into international relations the principle of colonial expansion. In time this principle became the source of conflicts, and the formula of international action between Spain and Portugal in America is born out of the effort to reconcile the differences between them in the matter of colonial expansion.

While the power of the national states was growing, international relations gave rise to new uses of that system of balance of power which had its origin in the Greek cities and which was later used by the Italian cities of the thirteenth century. The system assumed two forms in Europe: of mutual guaranties, and of alliances of the weaker to resist the stronger. The first form inspired the treaties of Westphalia, Utrecht, and Vienna; the second the war against Charles V, the war against the House of Austria, and the wars against Louis XIV and Napoleon.

The system of balance of power has been a method devised to establish or to re-establish equilibrium. Alliances to counteract the growing strength of a single power have been one of the most frequent forms in which the balance of power idea is found. The League of Cambrai was formed to destroy the prosperity of Venice; the alliance of England and France was formed against the growing power of Holland; and at the beginning of the eighteenth century, the alliance of the northern states of Europe was for the purpose of weakening the power of Sweden. The application of this system has unavoidably resulted in territorial partitions and in rectification of boundaries (pp. 354-55).

Section three of Dr. Gil Borges' paper is headed "The American System," with a subtitle, "Solidarity and International Cooperation." Dr. Gil Borges first discusses the American background and in so doing says about his own country:

Venezuela declared her independence on the 5th of July, 1811, and signed, in the same year, a treaty with the Department of Cundinamarca, part of the Viceroyalty of Santa Fé. In this, the first international treaty of Spanish America, a plan is outlined

for the "Union of all the Nations that may be Established in America." An analogous treaty was signed by Venezuela and Chile in 1811. In these treaties we can see the deeply rooted consciousness of American solidarity planning the basis of continental unity before the birth of the republics; it was this very faith in the unity of Latin America which was to shape reality out of Utopia, and which gave cohesion to the movement of emancipation. From north to south, the independence of the continent was achieved through the formula of cooperative military and political action.

One of the most memorable documents of this epoch is the account of the campaign of 1813 given by Bolívar to the Congress of Colombia assembled in the city of Cartagena. He spoke in part as follows: "The lessons given by the experience of others should not be lost to us. The spectacle presented by Europe, steeped in blood in an endeavor to establish a balance which is forever changing, should correct our policy to save us from such sanguinary dangers." Instead of that "continental balance of power which Europe is seeking where it is less likely to be found, that is, in war," he advocates a "union of all South America under a national body so that a single government may unite the great resources of the continent for a single purpose . . . while an intensification of mutual cooperation in the interior will lift us to the summit of power and prosperity" (pp. 363-64).

Dr. Gil Borges' next discussion concerns "Hispanic American Policy." He defines this as follows:

The broad lines of Hispanic American policy include the following points: (a) a system of conferences to consider questions of common interest to all the nations of America; (b) the organization of a league of nations upon the basis of the unity of moral, political, economic, and spiritual interests; and (c) the organization of continental peace through the medium of the codification of public and private international law, uniformity in civil law, mediation, conciliation, arbitration, abolition of war, and the renunciation of the right of conquest (p. 370).

The third division of this section is entitled "Juridical Organization," and he says:

The nations of Latin America were conscious from the beginning that one of the strongest ties that preserve international unity is that of identical institutions. Her statesmen had a clear vision of an America united by uniform institutions of law in civil, commercial, and maritime matters. They undertook this

work with technical ability, and gave models of uniform legislation to the world.

The fourth subheading is entitled "The Territorial Basis of the Hispanic American States." He begins this by saying:

At the birth of their existence as independent states, the colonies of Spain had to determine the boundaries of their territories. The new republics inherited the Spanish empire, but that empire had been a great political entity, whose sole frontiers were administrative divisions, the lines of which were almost always indefinite and uncertain. As a consequence, the determination of frontiers has been for more than a century a problem that has injected much danger and perplexity into the international life of the American states (p. 383).

During the wars for independence from the mother countries the emerging governments agreed on the *Uti Possidetis* of 1810 whereby each state was to retain the boundaries which it had had in colonial days. On this Dr. Gil Borges writes:

The two phases of the doctrine of *uti-possidetis* were in this manner definitely fixed: one, the exterior aspect, was founded upon the treaties concluded by Spain, and which were now considered the basis for the demarcation of frontiers with foreign powers possessing colonies in America; the other, the interior aspect, was founded on the royal decrees which had established the administrative division known as the viceroalties and captaincies general, and which were now considered the basis for the demarcation of the national frontiers between the American states.

The doctrine of *uti-possidetis de jure* was not a mere political expedient or convenient method for the distribution of territories and the demarcation of frontiers. It has, in reality, transcendental historical and juridical significance. Together with the Monroe Doctrine, this formula has been a barrier to the colonization of South American territory by foreign powers. The doctrine of *uti-possidetis de jure* and the Monroe Doctrine have the same end in view, but are differentiated by their origin and form. The Monroe Doctrine was a unilateral national formula; that of *uti-possidetis de jure* was an international juridical formula. The doctrine of Monroe was a negative formula closing America to foreign colonization; the doctrine of *uti-possidetis* was a positive, assertive, inclusive formula. It included all the territory legitimately possessed by Spain by virtue of the fact of discovery and the titles and treaties which became the patrimony of the American states.

Another consequence of the doctrine of *uti-possidetis* was that

it recognized a common title of sovereignty over the territory to all the American states that had taken form out of the colonial empire of Spain. This fact, of a common title to the territory, made any act of any European or American states which affected the validity of the title a matter of common concern to all the American states. Each state was vitally interested, not only in maintaining the integrity of its own territory, but in maintaining the integrity of the territory and sovereignty of all the American states, for the origin of its right was identical with that of the other states. Thus it was that, with the doctrine of *uti-possidetis*, there arose as a corollary the doctrine of the collective guaranty of the territory of the American states. The reciprocal guaranty of territorial integrity was a direct consequence of the doctrine of *uti-possidetis*, and the two were consequences of the common tradition and the common origin of the American nations.

The territorial policy of the American states did not crystallize out of the speculations of philosophers or out of the theories of statesmen. It was born out of historical realities and its origin lies deep in the secular traditions of America. The international policy of Hispanic America has continuity and permanence principally because it has been an interpretation of the realities of American life. The international policies of Hispanic America, territorial as well as political, economic as well as cultural, express the fundamental geographic, historical, economic, and spiritual unity of America. This explains why every movement in Latin America is a development of that ideal of unity which we have seen is so deeply imbedded in the past, which has been so faithfully kept through more than a century of history, and which is the goal of the future (pp. 390-92).

The fifth and last section is devoted to "The Organization of Peace in Hispanic America." Here Dr. Gil Borges discusses the codification of international law, the renunciation of war as a method for the settlement of international controversies, the system of guaranties, the principle of nonintervention, methods for the prevention and the pacific settlement of international controversies, and sanctions to enforce international obligations. Dr. Gil Borges provides a tabulated summary of treaties and agreements among the American states to enable them peacefully to solve their mutual difficulties. As a historical writer, Dr. Gil Borges surveys the panorama of the international relations of the American republics; in his time no man had a better grasp and understanding of this intricate subject.

IV

The influence and impact of Dr. Gil Borges on the interpretation and formulation of international law in relation to the American republics cannot yet be completely judged. The complicated problems of the international relations of the nations today tend to obscure many of the individual points of view and ideology maintained by statesmen of the American republics prior to World War II. Perhaps no other Latin American, and certainly no Venezuelan, gave more thought to the innumerable inter-American problems or expressed more profound opinions with beneficial results than did Dr. Gil Borges. Throughout his whole life, Dr. Gil Borges was respected and admired, and his views and opinions were sought, not only by his own countrymen but also by those throughout the Western Hemisphere and in other parts of the world. His influence in the Pan American Union as Assistant Director cannot be underestimated. His constant attempts to promote inter-American unity and peace must be considered and weighed by every person who proposes to write and to study inter-relations of the states of the Western Hemisphere, whether political, economic, social, or cultural. Undoubtedly in the not too distant future, graduate students in universities throughout the hemisphere will attempt, and it is hoped will succeed, in evaluating the position of Dr. Gil Borges in the complicated but important field of inter-American relations.

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Note. Information for this chapter has come from a variety of sources, including my own memories of pleasant personal association with Dr. Gil Borges. Several references of value should be recorded here: *The Diccionario Biográfico de Venezuela* (1953); *Revista de la Sociedad Bolivariana* (Caracas, October 28, 1942); Georgetown University Academic Exercises on the occasion of the conferring of the Degree of Doctor of Laws on Esteban Gil Borges (April 26, 1921); Diego Carbonell, *Sobre la personalidad de los Académicos Don Laureano Vallenilla Lanz y Don Esteban Gil Borges* (Caracas, 1943); Pan American Union *Bulletin*, vol. 69, p. 271 (September, 1935), vol. 70, pp. 241-45 (March, 1936), vol. 76, p. 705 (December, 1942), and vol. 77, pp. 618-21 (November, 1943); *Modern Hispanic America*, edited by A. Curtis Wilgus, pp. 338-401 (Washington, 1933); and a term paper written in 1950 by B. J. Tennery in my history course at George Washington University.

Part I

BACKGROUNDS

Guillermo Zuloaga : A GEOGRAPHICAL GLIMPSE OF
VENEZUELA

VENEZUELA was the first country in the mainland of the New World discovered by Columbus. He did so in his third voyage, and filled with wonderment by the natural beauty of the country, he concluded that he must have arrived at the Earthly Paradise. He reported this extraordinary event to the Catholic King and Queen of Spain in a remarkable letter as follows:

I always read that the world, land and water, was round, but in addition to this I will say that it is more like a woman's breast and that on the highest point, or nipple, which is the nearest to heaven, is the promised land. And now that Your Highnesses have commanded that it be navigated, searched for and discovered, this fact is made most evident, for in crossing the boundary that passes west of the Azores one hundred leagues from north to south . . . the ships begin to rise gradually toward the sky and then one enjoys a more benign weather . . . for in this Blessed Land I found the mildest climate and the land and trees very green and as beautiful as in April in the gardens of Valencia . . . and the people there are of a very lovely stature . . . and many wear pieces of gold around their necks and some have pearls tied around their arms. These are great proofs that this is the Earthly Paradise.

The news of the discovery of the Promised Land by the Admiral awoke a lively interest among other navigators, and in the wake of his caravels they came, first to harvest the rich pearls of Margarita and Cubagua, and later to look for the gold of the Golden City "El Dorado." The first of these conquerors that followed

Columbus, Alonso de Ojeda, entered Lake Maracaibo and there the native villages on stilts appeared to him like a little Venice, a "Venezuela." Ojeda thus baptized the recently discovered land with the name it now bears.

I. General Characteristics

Venezuela has an area of about 312,000 square miles, about the size of Texas and Oklahoma combined. It is the most northerly country of South America, and hence the one closest to Europe and the United States. It borders the Caribbean Sea for about 1,750 miles and the Atlantic Ocean for about 440 miles. From La Guaira to the Pacific Ocean, by way of the Panama Canal, the distance is 1,000 miles. To the nearest commercial port in Europe the distance is about 4,000 miles. From north to south the country measures about 800 miles, and from east to west about 950 miles.

Venezuela has a population today of just over 8 million, of which slightly more than a million live in the capital city of Caracas and its suburbs. Politically, the Republic of Venezuela is divided into twenty states, two federal territories, and the federal district.

In reference to weather conditions, we have two seasons: the dry (*verano*), which normally begins late in October and lasts until late April or early May, and the rainy (*invierno*), which takes the rest of the year. Our climate, however, because of the relatively cool and dry trade winds, which blow steadily from the northeast most of the year, is milder than our position in the Tropical Zone would determine. Furthermore, we are fortunate in being south of the Caribbean hurricane belt.

Important mountain ranges in the northern and southeastern parts of the country subdivide the country into several distinct geographical zones, each with its own characteristic climate, land use, and economy.

Towards the north we have the Andean and Coastal Ranges, separated by the wide expanse of the *Llanos*, or Plains, from the Guayanan Highlands south of the Orinoco. These northern ranges stem out of the Main Andean Cordillera in Colombia and enter Venezuela by first branching out into an enormous V, the Sierra de Perijá going north, and the Andes proper going northeast, leaving the Maracaibo Basin in the middle. Further east the Andes become the Coastal Range, which makes up the southern boundary of the Caribbean Sea.

The Andes and the Coastal Range are the regions of Venezuela with the most attractive climate, and their flanks and intermontane valleys have the most fertile soils. As a natural consequence, although they cover only 12 per cent of the land surface of Venezuela, 65 per cent of the population lives there. Sugar cane, corn, sesame, rice, cotton, and other crops are grown in these valleys, terraces, and flanks, while the higher wooded zones are the principal producers of coffee.

The Andes proper, or Sierra Nevada de Mérida, is a gigantic mass of mountains that are relatively young, geologically speaking, since their present elevation dates from the Tertiary Age. Its height culminates in the Peak of Bolívar, over 16,000 feet high. Its width, notably uniform, is about 65 miles. The narrow valleys and steep flanks of the Sierra are intensively cultivated and the high zones are the only parts of the country where wheat is grown.

Excellent mountain roads scale the Andes until they cross them at an altitude of 13,000 feet, passing through picturesque colonial towns and spectacular landscapes. In contrast to the steep Andean valleys with their characteristic U-shaped profiles, which were dug out by the glaciers of the Ice Age, we find here and there flat mesas, geological witnesses of the rapid elevation of these mountains. It is in these Andean mesas that some of Venezuela's more important towns are found: Mérida, Trujillo, La Grita, Valera; while San Cristóbal, the most important city of the area, lies in a wide and fertile valley.

The Coastal Range, with the slight break of the Lara depression, is a continuation of the Andes. It is a mountainous strip, about 320 miles long from east to west and some 45 miles wide from north to south. From the valleys of the Turbio and the Yaracuy rivers in the west, it extends to the Paria Peninsula and the Island of Trinidad in the east, with the sole interruption of the Barcelona Gap. It is divided by important valleys which run from east to west, in two parallel units: the Coastal Range proper, which is a narrow, high, and extensive chain of mountains rising abruptly from the waters of the Caribbean, and another mountainous zone, the Interior Ridge, wider but with less altitude, parallel to the former. The latter loses height from north to south and gradually disappears into the plains.

The Coastal Range, constituted partly by igneous and metamorphic rocks, culminates in high peaks, of which the best known are Naiguatá and La Silla (The Saddle), with an altitude

of over 9,000 feet, both visible from Caracas. The Interior Ridge rarely reaches altitudes of more than 5,000 feet.

In the series of valleys which separate these two mountainous zones are found some of the most important cities of Venezuela—Caracas, Maracay, Valencia—and some of the richest agricultural land in the country, including the valleys of Aragua and Tuy. Lake Valencia is located in one of these intermontane valleys.

Toward the east of Caracas, the Coastal Range disappears in the Barcelona Gap and reappears in the states of Sucre and Monagas. There, the Coastal Range proper forms the two prominent peninsulas of Paria and Araya. Because of a recent subsidence of these mountains, geologically speaking, the central valley has submerged below the waters of the sea, giving origin to the Cariaco Gulf, while the secondary valleys, upon sinking, have formed the magnificent bays of Puerto La Cruz, Guanta, Mochima, and others.

The Interior Ridge is made up principally of sedimentary rocks, Cretaceous and Tertiary, shales, sandstones, and limestones of marine origin. The limestones, both from the Eocene and from the Cretaceous, contain spectacular outcrops like the Morros of San Juan in the state of Guárico and the famous Guácharo Cave in the state of Monagas.

The arid and mountainous zone of the states of Falcón and Lara forms a salient toward the north of the Andes in the states of Trujillo and Lara. This is the only desert in Venezuela, with characteristic desert vegetation of thorny cacti and prickly pears. The chief economic activities of the Falcón-Lara hill area are the raising of goats and the cultivation of sisal and other fiber plants.

Beyond the mountains to the north is the Coastal Zone. This is the smallest of the geographical zones of Venezuela, being mainly a narrow strip between the mountains and the sea. In the west, however, it broadens out to include the Lake Maracaibo Basin, where the main oil fields of Venezuela are found.

The major ports of the country are found, logically, in this zone: La Guaira, Maracaibo, Amuay, Punta Cardón, Punta Fijo, Puerto Cabello, Puerto La Cruz, Guanta, Cumaná, Carúpano, and others. Although occupying only 7 per cent of the area of Venezuela, this zone contains over 18 per cent of its population.

In the warm valleys near the sea, cocoa, sugar cane, coconuts, and bananas are grown on a large scale. Important in the economy of this area also is the fishing that occurs off the coast.

The islands in the Caribbean Sea along the coast, and the

Paraguaná Peninsula, may be included in the Coastal Zone, although their physiography does not necessarily conform to it.

II. The Llanos

These wide expanses, between the mountains in the north and the Orinoco, are remarkably flat grasslands, mostly open, but with occasional large patches of forest and long "gallery" woods along certain streams. The rivers, while very large, are sluggish because of the slight gradient. For example, the lower reaches of the Orinoco fall only about 250 feet in 750 miles. Because of this, the river floods readily.

The *Llanos* have a climate characterized by great contrast between the wet and the dry seasons, the winter and summer of the area. In the wet season, normally from April to October, torrential rains fall, the rivers overflow, and great stretches of land are flooded. Livestock seeks refuge in high places, and travel by land is difficult, except over the modern arterial highways.

In the *verano*, from October to April, the air becomes dry, the wind blows continuously, the rain stops, and the rivers, except the largest, dry up. The livestock emigrates with the water sources, the grass dies, and even the jungle trees lose their foliage. The Plains are the Venezuelan region which stirs the imagination of sportsmen and hunters. Rivers and lagoons are filled with exotic fish: electric eels, which with their discharge can paralyze a bull or a horse; *caribes*, small but ferocious fish, with jaws that possess the force of pincers, which live in large schools and can eat an animal in a few seconds, leaving only the skeleton and boiling, blood-tinted water to mark the act; *payaras*, fish gifted with terrible fangs; and catfish, of all forms and colors, some of which reach five feet in length and weigh hundreds of pounds. Curious animals such as the anteater, the *chigüire*, a giant rodent, wild boars, and many others, are characteristic of the Plains.

The landscape, beautified by palm trees, is alive with birds. Among the most colorful of these are the very inquisitive *chen-chena*, with reptilian characteristics; the *corocoro*, or scarlet ibis, with the color of fire; the herons, from the small egret formerly coveted for its plumage and today happily protected by game laws, to the great soldier heron; ducks of all kinds, from the native Royal duck to the small migratory ones which fly yearly into the Plains from the northern latitudes.

The economy of the *Llanos*, formerly the traditional cattle country of Venezuela, is now in a period of transition. Modern technology is opening up to agriculture large zones in which, with great success, rice, corn, sesame, and other crops are being produced. Cattle raising, likewise, is advancing by the introduction of improved methods, new strains of stock, and more effective means for controlling insect pests. The jeep has taken the place of the horse and has greatly reduced the distances that formerly made life difficult on the plains.

In order to accumulate water for the long dry season and also to reduce the size of the flooded areas in the rainy season, large dams and irrigation projects are being carried out. The Guárico Dam, for example, near Calabozo, is ten miles long and permits the irrigation of some 300,000 acres during the dry season.

The eastern *Llanos* have terrace-like mesas with sandy soils and smooth tops with very scanty vegetation. These mesas, which may be as high as 1,000 feet above sea level, are crossed by streams which run through relatively deep canyons. Further east, the *Llanos* end abruptly against the wide expanses of the Orinoco Delta.

This Delta area, low and swampy, is crossed by the many distributaries of the Orinoco. It is, as William Beebe called it, the "Land of the Single Tree," being monotonously covered with thick mangroves.

III. The Guayana

The major geographic division of Venezuela is the Guayana, a vast area that occupies 45 per cent of the land surface of the country, with scarcely 2 per cent of its population. All the region south and east of the Orinoco River and the Casiquiare and the River Negro zones in the Amazon River drainage are included in this zone.

The legends of El Dorado, of Manoa, of Sir Walter Raleigh's headless men, all have been associated with this region, and some of them have almost been found to be true. Gold and diamonds are discovered frequently, bringing with them fleeting prosperity. These are in part responsible for some of the more colorful legends that have arisen about the Guayana. But more fabulous even than these legends, perhaps, is the wealth of iron ore that has been discovered in the region in modern times. The great deposits of

high-grade iron found relatively close to the Caroní River are among the largest in the world, totaling many million tons, and are of very high quality.

On crossing the Orinoco from the Plains, one arrives in a land that is geologically distinct: in place of the soft alluvium, one begins to see curious granitic outcrops of round profile, an indication that instead of the sedimentary rocks usually associated with deposits of petroleum, one is now in a zone of igneous rocks which are at times associated with metal-bearing formations. The granite is overlaid in certain places by the sandstone of the "Imataca" formation, typical of the iron-bearing rocks mentioned. In some sites, such as El Pao and Cerro Bolívar, this is almost pure iron oxide. Farther south, passing lowlands and jungles crisscrossed by rivers of inky-black water and spectacular falls, one arrives at the region of the Yuruari River, rich in gold deposits, and, finally, at the Gran Sabana.

The landscape of the Gran Sabana is superb. Spectacular mountain masses rise up with their flat tops and vertical sides, their silhouettes reminding the viewer of the ruins of medieval castles. These are the *tepui*s of the Indians, the "lost world" of Conan Doyle. The Roraima, the Auyantepuí, the Yacapana, the Duida, with their smooth and vertical sides, are impossible to scale without the use of ladders. A region of rare beauty, the Gran Sabana is an unforgettable sight. From these high masses, whose tops pierce the clouds, descend the highest waterfalls in the world: Angel Falls, with an unobstructed drop of more than 3,000 feet, is the best known, but there are many others of equal beauty and breath-taking appearance.

Farther still to the south, toward Brazil, lies the Amazon territory. Here are gigantic jungles crossed by rivers of paradoxical behavior; rivers that, running in opposite directions, join with each other, just as the Casiquiare joins two of the largest rivers in the world, the Amazon and the Orinoco. In these uninhabited jungles, rubber and the tonka bean (*sarrapia*) grow wild and are harvested in times of high prices.

In the Guayana, however, the most beautiful part of Venezuela and nearly half of its territory, agriculture is practically nonexistent. Other than the little subsistence farms (*conucos*) of the Indians and a few cattle-raising ranches, there is no arable land. This vast area is infertile, with the peculiar condition of having water in abundance and all year. The acidity of the soils and that of the

black waters of its beautiful rivers seems to be the cause of the infertility. Were a way found to turn these infertile soils into good farming land, this Guayana area would be the one where the great increase of population should be absorbed. Because of this infertility of its soils, the only important cities of the Guayana area are Ciudad Bolívar and Puerto Ordaz-San Félix (these two cities, separated by the Caroní River, will now be joined by a bridge and renamed Santo Tomé de Guayana) on the Orinoco River. Outside of these main urban centers, there are a few near the gold and iron mines. The rest of these 150,000 square miles is inhabited only by a few nomadic miners who make their living out of panning gold or diamonds and a few thousand Indians who still live as they did in pre-Columbian days. On the other hand, from an industrial point of view, the Venezuelan Guayana is in the process of becoming a most important region, not only of Venezuela, but of the Western Hemisphere. Its vast mineral wealth, its huge hydroelectric potential, the proximity to the oil fields and gas fields of eastern Venezuela, and the navigability of the Orinoco to ocean-going ships, bring together a set of favorable circumstances almost unequalled. The government's Corporación de Guayana has ambitious projects which, added to the steel mill and the hydroelectric plant already built, will create this "Pittsburgh" of Venezuela.

There are two geographic assets that Venezuela has that, to complete this geographic glimpse, deserve individual treatment: the Orinoco River and Lake Maracaibo.

IV. The Orinoco

Returning to Columbus and to his discovery of the Promised Land, we see that he made his discovery in the Gulf of Paria, at the mouth of Venezuela's greatest river.

When I arrived at a great mouth, two leagues wide, which separates the Island of Trinidad from the Land of Grace, I found that the water came out with as great fury as the Guadalquivir at flood-time. I sent boats to take soundings, and by chance water was taken from the sea and I found it sweet and as I proceeded I found the water of the sea more sweet and tasty . . . and having discovered this I sent a caravel forward and thus it went much farther until it reached a very large gulf from which a very great river came out.

Columbus arrived at the Gulf of Paria during the month of

August, 1498, and found the great river at its highest level, although he saw only one of the many mouths of the great delta. The fact that the water of the sea was sweet there caused ancient cartographers to call the Gulf of Paria the "Sweet Sea" on their maps.

The Orinoco with its innumerable tributaries has a drainage area of several hundred thousand square miles. From the north and the west it receives the great *Llanos* tributaries born in the Andes: the Apure, the Arauca, the Meta, rivers of troubled waters and unconfined beds which, in the rainy season, flood great regions. From the south and east it receives the great Guayana rivers: the Caroní, the Caura, and others, rivers of crystalline but ink-black waters originating in the *tepui*s of the Gran Sabana and leaping down in spectacular falls to mix their waters with the muddy ones of the Orinoco.

Upstream, not far from its headwaters, the behavior of the Orinoco is, to say the least, curious and disconcerting. Without any apparent reason, the great stream, which at this point already has acquired a girth of some 2,000 feet, divides its waters, and sends southward one-third of its volume through the Casiquiare to join its great competitor of the south, the Amazon, while it continues northward in its course. This bifurcation of the Orinoco has aroused the imagination of scientists and naturalists for many years. It becomes more paradoxical still if one considers that the point of bifurcation is only 400 feet above sea level, but 750 miles from the sea, along the route of the Orinoco, and almost 1,900 miles from the sea, via the Casiquiare—Negro—Amazon system. The gradient of the river thus appears insufficient to cause its waters to flow with the swift current they have.

Downstream from its bifurcation, the Orinoco has, along a 25-mile stretch, the only important rapids in its course. These rapids are the sole obstacle for continuous navigation in small craft from the Gulf of Paria to the mouth of the Amazon. As it approaches the sea, the Orinoco divides again, this time to form the multiple mouths of its great delta. One of these, the Mánamo, which debouches into the Gulf of Paria, is the one which "sweetens" the sea of Columbus.

V. Lake Maracaibo

The huge petroleum wealth of Venezuela is located principally in the subsurface of Lake Maracaibo. Here are found the largest

accumulations of petroleum in the Western Hemisphere. Why is this zone so rich in petroleum? It is because here, in the enormous sedimentary basin, there were, in geological times, a series of circumstances peculiarly favorable to its formation.

We know that petroleum is of organic origin; that is, it is derived from plants and animals that once lived. These organisms, upon dying and being buried together with muds and other sediments in the bottom of sedimentary basins, were changed slowly into petroleum and other hydrocarbons by the effect of a very long and drawn-out chemical process caused by heat, pressure, and time. As more organic matter is deposited under favorable conditions, there is a greater possibility that petroleum eventually will be formed.

The bed of Lake Maracaibo is a great basin of sedimentation, surrounded by mountains. All these muds are deposited little by little on the floor of the lake, where there ensues the beginning of the long process that converts this matter into petroleum. But if this were the whole picture, the lake would soon be filled with mud and would dry up, or the mountains would wear away by the action of the rains and soon there would be no mud. What happens then? One of the most outstanding of geological processes: the bottom of the lake slowly subsides at about the same rate at which the sediments are deposited. At the same time, with a marvelous balance, the mountains continue to rise gradually.

This explanation, which appears to be a geological fantasy, is nevertheless what actually is happening now and what has happened, in a general way, during many millions of years, and it is easy to demonstrate. Wells drilled in the lake have penetrated as much as 16,500 feet of sedimentary rocks before reaching the granite. That thickness is made up of rocks formed by the hardening of muds and sands that were deposited at shallow depths, as is proven by the fact that they contain fossils of shells and other aquatic animals which live in shallow water. During all the long period of many millions of years, when this enormous thickness of sediments was being deposited, the lake has always been relatively shallow, just as it is today. Its greatest depth is about 125 feet.

Evidence that the mountains have risen is also easy to find: a study of the rocks found on the high peaks of the Andes shows fossils of marine shells and of aquatic animals which lived when those rocks were at the bottom of the sea. These movements—the sinking of the bottom of the lake and the elevation of the moun-

tains—take place so gradually that they are imperceptible to us. When considered from the point of view of geologic time—many millions of years—the total effect of these movements may be clearly seen.

This process is not, of course, exclusive in Venezuela to the Maracaibo basin. The Orinoco and the Apure-Barinas basins have similar geological histories, and they also possess rich oil deposits.

The oil which is formed is naturally distributed sparsely through the enormous thickness of sedimentary rocks in which it had its origin. Under certain favorable conditions, resulting from unequal subsoil pressures and the movement of subterranean water, the dispersed petroleum began to accumulate slowly in porous zones of the rocks, giving rise to the so-called “fields” of oil that are being developed today.

Little did Alonso de Ojeda think when he entered the peaceful waters of the lake and saw the “little Venice” of the Indians that under his very feet lay riches that were greater by far than those of El Dorado.

Irving Rouse: ARCHAEOLOGY OF VENEZUELA

AMONG THE PAPERS delivered at the first Caribbean Conference of the University of Florida, in 1950, was a discussion of Venezuelan archaeology by José M. Cruxent, of the Instituto Venezolano de Investigaciones Científicas. It was my pleasure to translate this paper into English for the publication which resulted from the conference (Cruxent, 1951). Now, twelve years later, our roles are reversed; I am the author of a second paper on Venezuelan archaeology in which Cruxent also figures prominently because it presents the results of collaboration between us. It is the summary of a book being published by the Yale University Press.

Our greatest progress has been in the realm of chronology. It was an achievement for Cruxent to be able to note, in his 1950 paper, "that certain Venezuelan cultures . . . date from the beginning of the Christian Era" (Cruxent, 1951: 150). Now, we are able to trace the Venezuelan Indian back to the time of the last Ice Age, that is, to about 15000 B.C. From that time, he can be shown to have passed through four great epochs: the Paleo-Indian epoch, from 15000 to 5000 B.C.; the Meso-Indian epoch, from 5000 to 1000 B.C.; the Neo-Indian epoch, from 1000 B.C. to A.D. 1500; the Indo-Hispanic epoch, from A.D. 1500 to the present.

I. Paleo-Indian Epoch

The Paleo-Indians are supposed to have entered the New World from Siberia by way of Alaska and central Canada, and to have

continued southward through the United States and Middle America into South America. The principal evidence for their arrival in Venezuela as early as 15000 B.C. comes from the site of Muaco, near Coro on the west coast, which was excavated by Cruxent in 1959. Muaco consists of a spring, to which the mammals of the vicinity came to drink. Man waylaid the animals there, and killed and ate them, as is evidenced by the presence of cut and burned bones and of Paleo-Indian implements in the muck surrounding the spring. Two of the burned bones have been analyzed by the radiocarbon method and have yielded dates of 14920 and 12780 B.C. respectively (Rouse and Cruxent, MS, Appendix). Many of the bones come from animals now extinct, such as the mastodon, the giant sloth, and the New World horse; and this in itself is evidence of great antiquity.

Muaco does not tell us much about the life of the Paleo-Indians, since they did not actually live there. Places of habitation have, however, been found elsewhere, particularly in the region of El Jobo, inland from Muaco. Here, a people to whom we have given the name "Joboid" lived on a series of successive terraces formed by the Río Pedregal. The earliest Joboid people, who occupied the uppermost terraces, made only crude choppers and scrapers of quartzite, which, however, might have been used to manufacture wooden spears. Lanceolate spearheads of stone were an innovation of the intermediate terraces and there are also a few stemmed spearheads on the lowest, and therefore the latest, terrace. It is presumed that the spears were used to hunt mammals of the kinds found at Muaco, although no bones were recovered in the sites.

II. Meso-Indian Epoch

By 5000 B.C., when the Meso-Indian epoch began, the big-game animals upon which the Paleo-Indians had relied for much of their food had become extinct. Nevertheless, some of the Meso-Indians continued to emphasize hunting, as evidenced by the widespread occurrence of stone projectile points throughout Venezuelan Guiana, especially at the site of Canaima (*ibid.*). These points are of the same stemmed type which first appeared on the latest terraces of the El Jobo region.

Elsewhere, the Meso-Indians ceased to manufacture stone points, presumably because they had come to rely upon new sources of

food. Along the coast, they turned to fishing and shell fishing, and in so doing developed maritime skills which enabled them to colonize the offshore islands for the first time. Both on the mainland and on the islands, their places of habitation are marked by large piles of shells, the best known of which is at Punta Gorda, on Cubagua Island off Cumaná in eastern Venezuela. Here lived a "Manicuaroid" people, beginning about 2325 B.C., according to a radiocarbon date from the bottom of the site, and continuing until after the time of Christ, as indicated by the appearance of trade pottery at the top of the site. Additional sites of the Manicuaroid Indians have been found along the adjacent mainland and on Margarita Island, further offshore; and the Manicuaroid people may also have played a part in the colonization of the West Indies, although this is a disputed point (Cruxent and Rouse, 1958-59: 43-55, 111-13; Rouse, 1960).

The Manicuaroid Indians used bone projectile points instead of the stone points of the Joboid Indians. They made small, bi-pointed stones, possibly for use in slings, and a variety of types of shell implements, including shell gouges fashioned from the outer whorls of conch shells. These gouges were perhaps the most significant invention, since they made it possible to hollow out dugout canoes, with which to move from the coast to the islands.

A different kind of development seems to have taken place in the interior of Venezuela during the Meso-Indian epoch. We are only beginning to obtain evidence of this development at the site of Rancho Peludo in the Maracaibo Basin, not far from the Colombian border, but we can fill out the data from this site with our knowledge of similar sites in other parts of the world, for example, in the Tehuacán Valley of Mexico (MacNeish, 1962).

At Rancho Peludo and other places in the interior, the Meso-Indians were unable to turn to maritime foods as the Pleistocene game became extinct. Instead, they probably began to rely upon fruits and wild vegetable foods. From these it would have been only a short step to the cultivation of fruits and vegetables, that is, to the beginnings of agriculture. It is unlikely, however, that the first agriculture was very effective; the crops and the techniques for producing them were undoubtedly too rudimentary to do more than supplement the gathering of wild fruits and vegetables.

Agriculture is indicated at Rancho Peludo by the presence of clay griddles similar to the *budares* still used in many parts of Venezuela to bake bread made from manioc roots. Clay pottery

also occurs for the first time; it consists of simple bowls or jars with plain or annular bases, fabric-marked surfaces, and crude appliqué decoration. The pottery was used both for utensils and for burial urns, and has been dated by the radiocarbon method between 2820 and 445 B.C. (Rouse and Cruxent, 1963).

III. Neo-Indian Epoch

The Neo-Indian epoch began about 1000 B.C. in eastern Venezuela, possibly somewhat later in the west. By this time, the crops and techniques for cultivating them had improved to such an extent that agriculture was able to supplant hunting, fishing, and gathering as the principal means of obtaining food. In eastern Venezuela, manioc remained the staple crop, but in the west the Neo-Indians seem to have preferred corn, which had been domesticated in Middle America and had spread south- and eastward from there via Colombia (Braidwood and Willey, 1962: 171-72).

The Meso-Indian way of life survived for a while in certain areas, especially on the east coast and adjacent islands, as already noted. Indeed, a few Meso-Indian tribes, such as the Warrau Indians of the Orinoco Delta (Wilbert, 1956), persisted into the Indo-Hispanic epoch; but most of them turned to the new form of life, adopting not only agriculture but also pottery (unless, as at Rancho Peludo, they already had them).

Since fragments of pottery are by far the most common artifacts in Neo-Indian sites they must be used as the primary basis of interpretation. We have been able to distinguish a large number of local styles and to assemble these into ten series, each of which is distinctive of a separate group of Neo-Indians, as follows.

1. The Dabajuroid series appears to have had its origin in the pottery of Rancho Peludo, already described in connection with the Meso-Indian epoch. It continued in the same region, that is, within the Maracaibo Basin, throughout the Neo-Indian epoch and, beginning about A.D. 1000, also spread southward into the Venezuelan Andes, northward to the present Dutch islands of Aruba and Curaçao, and eastward along the coast as far as Cumaná in eastern Venezuela (Rouse and Cruxent, MS, Fig. 9). It is characterized by perforated annular bases, fabric impression on the lower part of the body, corrugation of the neck, appliqué work and, in the later styles, by bulging, hollow legs and complex designs painted in black and/or red on a white background (*ibid.*,

Fig. 10). These latter traits may well have been obtained from the Tocuyanoid series, to be discussed next.

2. The Tocuyanoid series centers around Quibor, near Barquisimeto at the base of the Venezuelan Andes, where we obtained a radiocarbon date of 295 B.C. From there, it apparently spread southeastward into the *Llanos* and northeastward to and along the coast as far as Maiquetía, the airport for Caracas (*ibid.*, Fig. 11). Between A.D. 300 and 1000 it gave way to a pair of related series, Tierroid (3) and Ocumaroid (4). From its very beginning it had hollow, bulbous legs; elaborate curvilinear designs which were either incised or painted in red and black on a white background; and simple modeling and painting of snakes and human faces (*ibid.*, Pls. 13-16). Many of these traits are also to be found on the pottery of northeastern Colombia and Central America, a fact which led Cruxent to postulate relationships with those areas in his paper at the first Caribbean conference (Cruxent, 1951: 154-55).

3. The Tierroid series, like Tocuyanoid, centers in the region around Barquisimeto, extending down from there onto the western *Llanos* and up into the Andes of Trujillo and Mérida (Rouse and Cruxent, MS, Fig. 13). It dates from A.D. 1000 to 1500. Its pottery continues the Tocuyanoid emphasis upon hollow, bulbous legs and polychrome painting but lacks its incision and modeling (*ibid.*, Pls. 17-19). The Tierroid people were responsible for the two most elaborate kinds of archaeological monuments in Venezuela, the *calzadas* (causeways of earth) on the *Llanos* and the *mintoyes* (shaft graves and shrine caves) in the Andes.

4. The Ocumaroid series succeeds Tocuyanoid in the coastal part of the latter's distribution, that is, in the region from Tucacas to La Guaira. It began about A.D. 500 and some of its styles survived until the arrival of Europeans (*ibid.*, Fig. 23). It combines the Tocuyanoid form of painting with features of two other series which impinged upon that part of the coast, Dabajuroid (1) and Barranroid (5); for example, it has corrugation and appliqué work which are reminiscent of the former series and modeling-incision of the latter (*ibid.*, Fig. 24). Despite this richness of ceramics, the Ocumaroid people did not produce monuments of any kind; they have left only deposits of refuse.

5. The Barranroid series is in two parts rather distant from each other, one in the Valencia Basin on the adjacent coast and the other around the delta of the Orinoco River (*ibid.*, Fig. 17). Our earliest radiocarbon date for the central Venezuelan part of the series is A.D. 260 and for the Orinocan part, 985 B.C. They are characterized by solid annular bases, flanges attached to the rim

and incised with curvilinear designs, and elaborate modeled-incised figures on the vessel wall or on lugs attached to the rim (*ibid.*, Pls. 31-35). Clay pipes bearing similar decoration occur in association with the central part of the series. Archaeologists have been attracted to the Barrancoid series by the distinctiveness and complexity of its decoration, and have proposed conflicting theories to account for its origin (cf. Cruxent, 1951: 152-53, and Willey, 1958: 372), but these need not be discussed here since they are purely speculative. We do not even know how the two segments of the series were related; we can only theorize that both are derived from a third as yet undiscovered segment on the Llanos de Apure, whence the series may have spread northward via the ríos Portuguesa and Pao into the Valencia Basin and onto the coast, and eastward down the Orinoco River to the Barrancas region, to Trinidad, and to northwestern British Guiana.

6. If there actually was a segment of the Barrancoid series on the Llanos de Apure, it could have been ancestral to the Arauquinoid series, which arose there during the latter part of the first millenium A.D. and subsequently spread down the Orinoco River, putting an end to the Orinocan segment of the Barrancoid tradition about A.D. 1000 (Rouse and Cruxent, MS, Fig. 19). The Arauquinoid series retains certain Barrancoid traits, such as modeled-incised lugs, but is distinguished by the use of sponge spicules as a tempering material, by bowls surmounted with collars or small lugs decorated with appliqué features, and by beveled rims bearing incised and excised designs. The last techniques were also used in the production of cylindrical stamps of clay. The Arauquinoid people built artificial mounds of earth in order to raise their houses above the floods of the rainy seasons.

7. The Valencioid series, as its name implies, centers in the Valencia Basin, extending eastward through the mountains as far as Caracas, down to the coast in the La Guaira and Río Chico areas, and out on to the Los Roques Islands, off La Guaira. It dates between A.D. 1000 and 1600 (*ibid.*, Fig. 21). The excavations of Requena (1932), Bennett (1937), Osgood (1943), and Kidder (1944) in the mounds around Lake Valencia, have made it the best known of all Venezuelan pottery, though it is relatively simple. It consists of bowls with biomorphic lugs and collared jars bearing faces. The features of both are done in appliqué work, of which the coffee-bean eye is typical. There is no painting and little incision. Figurines, amulets, and urn burials have also been found in the Valencia mounds (Rouse and Cruxent, MS, Pls. 39-46). The Valencioid series is presumably a degeneration from the Barrancoid series (5), with the addition of traits from the Arauquinoid series (6).

8. The Memoid series is known from the north central *Llanos* south of Caracas and from the coast around Río Chico. It was in existence during protohistoric and early historic times. Its simple globular vessels were typically roughened by one of a series of techniques: corrugation, incision, scoring, punctation, the addition of tiny lumps of clay, or the pressing of fingers or fabrics into the wet clay.

9. The Saladoid series made its appearance in the middle and lower Orinoco Valley by 1000 B.C. from an, as yet, undetermined source. Soon after 1000 B.C., the movement of Barrancoid people into the lower part of the Orinoco Valley split the Saladoid people in two. One group remained in the middle part of the Orinoco Valley (Howard, 1943) while the other moved out through the Orinoco Delta to the northeast coast of Venezuela, Margarita, Trinidad, and on into the rest of the West Indies, overwhelming the Meso-Indian inhabitants of those areas as it went (Rouse and Cruxent, MS, Fig. 28). The two groups persisted in Venezuela until about A.D. 1000, when the southern one became acculturated to the Arauquinoid series (6) and the northern one was transformed into several local variants, including the Guayabitoid series (10) in northeastern Venezuela and the Chicoid series of the Greater Antilles. In its pure form, the Saladoid series was characterized by flat bases, bowls shaped like inverted bells, vertical strap handles, and white-on-red painted designs. To these were added many Barrancoid traits after the latter Indians moved into the lower Orinoco Valley (*ibid.*, Figs. 29, 30).

10. The Guayabitoid series may be regarded as a degeneration from Saladoid, in which the simple olla became predominant; handles gave way to small, tabular lugs; painting died out; and modeling-incision was replaced by crude incised and appliqué designs (*ibid.*, Fig. 33). It was the Guayabitoid people whom Columbus encountered when he discovered Trinidad and the Paria coast in 1498.

IV. Indo-Hispanic Epoch

The Europeans first settled Cubagua and Margarita islands off the east coast of Venezuela, and subsequently expanded to the mainland, gradually taking over the coast, the mountains, and the *Llanos* from the Indians. Unlike the English in North America, they tended to assimilate the Indians, incorporating them in their towns and missions, intermarrying with them and, in general, acculturating them to the European way of life. As a result, the

Indian tribes of Venezuela have retained their identity only in the more remote areas, that is, in the Guianan and Amazonian parts of the country, along the Colombian border, and in the Orinoco Delta, as already noted.

This process of acculturation is best documented archaeologically at the site of Nueva Cádiz on Cubagua Island. Digging there in December, 1954, Professor John M. Goggin, of the University of Florida, and Cruxent, found a pot full of pearls, which aroused so much interest that the Venezuelan government provided the money for Cruxent to continue the excavations over the next seven years. The ruins at the site have been stabilized, a huge number of artifacts collected, and it is planned to develop the place as a tourist attraction (*ibid.*).

Nueva Cádiz was the first Spanish settlement in all of South America, established soon after the beginning of the sixteenth century to take over the pearl fisheries which the Indians had previously exploited by themselves. The town grew in wealth and commercial importance, and permanent buildings of stone were constructed, including residences for the more prominent citizens, churches, and a monastery. Some buildings were embellished with ornate stone sculptures. The pearl fisheries eventually became exhausted, hurricanes and pirate attacks decimated the town, and by A.D. 1550 it had been abandoned (Otte, 1961), though a small group of Indians lingered on in the vicinity.

The excavations at Nueva Cádiz have uncovered not only Spanish artifacts but also Indian pottery of styles native to various parts of the Caribbean area, which bear witness to the distances from which laborers were brought to the fisheries. There is evidence that the Indians soon abandoned these styles and developed a new, local form of pottery. This in turn survived with modifications throughout the Indo-Hispanic epoch and is still in existence as the folk pottery of the village of Manicuaire on the Peninsula of Araya (Cruxent and Rouse, 1958-1959: 116).

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Arturo Uslar Pietri: THE CITY OF GOLD AND THE
CITY OF JUSTICE

A LENGTHY DISSERTATION on any subject may lack unity and yet contain a wealth of solid information, but a brief summary must necessarily possess not only unity but significant meaning as well. This is the problem that faces the writer who is asked to prepare a summary of Venezuela's history for readers who are not familiar with the subject. He must say what Venezuela is and what it has been, without falling into the trap of an empty recitation of names and dates, and he must do his best to make clear history's unity and meaning.

I

The first point to be made is the great influence that has been exerted in the building of our country by factors that are extraneous to it. For example, only one of the three important human figures of Venezuela's history (and the first one to appear) belonged to the soil. He was the Indian, who had derived directly from the climate, the geography, the flora, and the fauna. The second figure to appear, the Spaniard, had absolutely nothing in common with the land. He represented the world beyond and its ideals: ecclesiastic, a warrior type, lordly and courtly, and the symbol of the proud Castilian who had reconquered Spain from the Moors. The emotions of this spirit found expression in the worship of the Immaculate Conception, in his faith in Saint James (his patron), in the romances of El Cid, in his lofty scorn for work and frugality,

in the glorification of hidalgoism and pomp, and in personal pride.

He brought with him a social and political system created by force which he imposed on the land. To complete the picture, he later imported the third important figure in our history, the Negro, to supply the lack of workers. Thousands of husky Africans were disembarked on the Antilles islands and along the coast of the mainland to work the mines and the fields, and to do the jobs at which the Indian had shown himself to be of little worth. With the Negro came another culture; strange new myths, different qualities, and a concept of the world as magic, which joined the order of things that arose not from the land itself but from a fortuitous projection of European history.

The voyagers to the West Indies, the pilgrims, or the conquistadors—by whatever name we choose to call them—had left their native land under the drive of forces arising from Spain's history. Perhaps it was an extension of the crusading spirit that had achieved the reconquest of the peninsula; perhaps it was the need to counteract the economic blockade that followed the fall of Constantinople and the eastern Mediterranean ports into the hands of the Turks; perhaps it was the urge to compete politically with the Portuguese in the discovery of the New World and to benefit from the new route to India. In any event, they stumbled on America with no idea of what they were going to find and with no adequate preparation for their discovery. Instead of a new ocean route, they found a new world. Instead of the Great Kahn or Prester John, they encountered Antillean and Carib chieftains and the great lords of Tenochtitlán and of Cuzco. They did not discover Hindus or Chinese, but instead an unknown race of half-naked savages, adorned with gold and seeming to live effortlessly in an enviable state of natural bounty.

Thus what resulted was an artificial order designed to emulate that of proud Castile, sustained from beyond the seas and from its highest stratum by force of arms and alien custom.

II

The first phase of the conquest of Venezuela was that of pearls, salt, and slaves. This was the epoch of the founding of Nueva Cádiz on the barren island of Cubagua, between the mainland and Margarita. The conquistadors remained there for something more than the first two decades of the sixteenth century, with their

houses of cane stalks and adobe, their convent and their church spire, gathering pearls and sending salt and Indian slaves to Santo Domingo.

About 1530, with the establishment of the coastal cities of Cumaná and, particularly, Coro, the first serious effort was made to penetrate the vast mainland area. This step opened a period of more than twenty years, during which the government of Venezuela was assigned by the Emperor to the house of Welser, the German bankers to whom Carlos V was heavily in debt for loans granted to finance his European adventures. The blond and aggressive Teutons concentrated all their efforts, which were mighty and on the heroic scale, toward one sole objective—not toward the foundation of a prosperous and stable colony, not toward the development of cities, cultivation of crops, or encouragement of handicraft, but toward the exclusive and feverish search for El Dorado, the fabled city all built of gold and precious stones which shimmered like a glowing coal upon the shore of an unknown lake, and which was ruled over by a monarch who, it was said, was covered daily with a coat of gold dust so that he appeared to be a living statue of the coveted metal.

The search for El Dorado was the prime mover in the expeditions which, for the first time, began to scour Venezuela's territory. Over rugged mountain chains, through jungles, swamps, and plains, marched the armed bands with their horses, their helmets, their Indian guides, and all their impedimenta, fighting and suffering, beyond Lake Maracaibo, beyond the majestic Andes, beyond desert and river to the high plain of Bogotá to the Meta and Guainía jungles, to the banks of the Orinoco. The legacy of the fruitless quest for El Dorado, which continued for almost eighty years, was the knowledge of a vast and sparsely populated country, inhabited only by warlike tribes, where food was scarce, where movement was difficult, and where nature was hostile and violent.

There was no El Dorado, nor were there any rich mines of gold or silver. The rude awakening and disillusionment caused an apathy to set in that was to endure for more than a century, from the founding of Caracas in 1567 to the creation of the Guipuzcoan Company in 1728. What ensued was a long period of frustration, poverty, and isolation. A reading of official documents and of the petitions of the *cabildos* (town councils) suffices to provide a chilling picture of desolation and want. People did not live, they vegetated without hope.

During this long period of lethargy the population remained stagnant, and the country's development was limited to the establishment of a few cocoa and sugar plantations and to the slow growth of a few herds of cattle. There were no cities worthy of the name, nothing but isolated villages surrounded by solitude and hostile nature, where a handful of settlers lived in huts, supervising the field work of Indians and Negroes in cultivated areas.

In this abandoned world a primitive and simple social system evolved, personified by the Spanish governor and the Church. The *cabildos*, which were the refuge of the creole's* hope for power, bickered over privileges and taxes and parceled out plots of land. There was a minimum of contact with the outside world.

While the silver mines and indigenous social organizations of Mexico and Peru were utilized by the Spaniards to develop those viceroyalties and to convert them into important centers of wealth and culture, the government of Venezuela scarcely was noticed in the vast and complex framework of the Spanish empire.

III

However, important changes occurred in the eighteenth century. The new Bourbon dynasty was progressive and constructive, and disposed to favor the growth and development of the colonies. New jurisdictions were established in the colonial world and new institutions were created, designed to promote foreign trade and to develop agriculture. The Royal Guipuzcoan Company of Caracas was organized in 1728; it acted as merchant, trader, seller, and farmer. Tobacco, indigo, cocoa, and sugar plantations sprang up in the central area of the country. The new wealth not only raised the living standard of the upper classes and the businessmen, but it brought with it smuggling activities from the Dutch and British Antilles. This was an important development, for it brought the Venezuelan into contact with a world of freedom of thought and democratic institutions.

The creole discovered the commercial, political, and philosophical backwardness of Spain, and there awoke in him an irrepressible yearning for change and progress. The creole took England, Holland, and France as his models. He discovered that it was possible to question, criticize, and to live and prosper in an atmosphere of

*The term creole means a white person born in Venezuela of Spanish parents.

freedom and that there was another order of things, different from and perhaps more equitable and conducive to man's progress than that imposed by Spain on her American possessions.

The independence of the United States at the opening of the century's last quarter offered him the most tempting example of the possibility of establishing the long-dreamed-of democratic republic in the New World. The proclamation of the ideals of freedom and the equality of man in the Declaration of Independence became for him a credo inspiring sustained and dedicated action. It was too early for him to realize that history had created profound differences between conditions in the English and Spanish colonies. He believed, with Rousseau, that a change of institutions in itself would suffice to release man's natural goodness and convert it into the fruits of freedom and peace.

In 1777, the government of Venezuela was transformed into the Captaincy General. This was more than just a change in name; it meant a substantial increase in territory with the incorporation of the provinces of Cumaná, Maracaibo, Mérida, and Guayana, giving the country the physical area it possesses today. There was also a gain in the sense of greater unity and autonomy in the definition of political, judicial, taxing, and military jurisdictions. The measure established Venezuela as a nation. Since that time, there has been one government from the Andes to the mouths of the Orinoco, and Caracas has been the administrative and judicial center where national problems have been resolved.

Venezuela was then a country of little more than half a million people, with only three towns that exceeded 10,000 inhabitants, and the largest of these, Caracas, boasted scarcely 20,000. The majority of the population lived on plantations, farms, and estates. There was a very strict social division into strata that were separated by privilege and prejudice. There were four social classes. The white man—Spaniard and creole—who represented less than one-fifth of the population, held almost all the wealth and did hold all the political power. Public offices were held almost exclusively by Spaniards sent out from the mother country. The white creoles dominated the *cabildos* and formed the cultured and propertied class. The largest single group, making up almost half of the population, was the mixed one to which white, Indian, and Negro had contributed with a resulting endless variety of blood mixtures. This class came to be known in colonial times as *pardos*. Its members were legally free, but had very limited possibilities of attaining

power, wealth, or culture. Then came the Indians, who lived in passive political and religious submission in the missions or in the jungles; and finally, the Negro slaves, the principal work force of the country. It was a society in extreme disequilibrium, but highly rigid and stratified down to the last detail. Its two visible heads were the Governor, the representative of the Crown, and the Bishop, who wielded the spiritual power of the Roman Catholic Church.

IV

The long and bloody process of achieving independence had this social, economic, and cultural base as its point of departure. Several factors and causes converged in the independence movement: the aspiration of the white creoles to take over complete power; the resentment of the *pardos* who felt unjustly ostracized and despised by the white oligarchy; the republican ideals of freedom and equality freshly arrived from France and England; the contagious example of the independence of the United States; the increasing pressure for the elimination of restrictions on trade and economic development; and finally, the crisis precipitated in Europe by the Napoleonic wars which threw the interest of England into the balance in favor of Hispano-American independence and which produced the collapse and disintegration of the Spanish dynasty and, with it, the traditional source of authority in the Bourbon empire.

The movement toward independence coincided with the zeal to establish a republic modeled after those of France and the United States. A federal, egalitarian, free republic, based on the freedom and equality of its citizens, was one for which Venezuela's three hundred years of colonial life were a poor apprenticeship.

With Spain invaded by the French, with the disappearance of the legitimate government on the peninsula, with the unleashing of all the forces and pressures that had been working toward independence, Venezuela formally assumed her autonomy on April 19, 1810. A little more than a year later, on July 5, 1811, she proclaimed her complete independence and proceeded to adopt a constitution based on the French and American models. This constitution, incidentally, was the first to be adopted by a Latin American country.

It quickly became apparent that independence consisted of

something more than the mere formal declaration alone; its consequence was fifteen years of cruel, continuous fighting, both on and beyond Venezuelan soil, in which one-third of the nation's population perished and a large part of its wealth was wiped out.

The colonial social system, static, rigidly stratified, and imposed from beyond the seas, was smashed. The new democratic system based on the principles of the 1811 constitution never was able to function. There existed neither the background, the usages, nor the education required for its real application. Nor was it strengthened by the stark reality of the new society. The great majority of the populace possessed neither property, education, nor employment. Only the white oligarchy, a small minority, was equipped to understand and to practice the principles of a democratic constitutional regime. The disappearance of the colonial social order left a power vacuum. The long war had intensified the country's poverty and increased its difficulties, and it had decimated the small group of men who might have taken the leadership in a republic.

When the struggle for independence turned into actual warfare, democracy became a dead word and was replaced by the brutally efficient and highly simple law of warfare and of war's necessities.

The leaders produced by the conflict soon realized that the constitutional system could not be applied. With remarkable perception, Simón Bolívar saw that there was a profound incompatibility between republican ideals and the reality of the situation. He urged his compatriots to study the present and past of their country rather than foreign constitutions, and to devise and put into effect the institutions that could assure the nation's stability, peace, and progress, or, at least, "the greatest degree of happiness possible."

V

This dichotomy between political ideals and social reality persisted throughout the nineteenth century. It was a period that rarely saw peace and suffered protracted wars, a period in which democratic institutions rarely functioned and governments of force predominated. The demolished colonial system was not replaced by republican polity, but by a primitive and crude order that arose from the conditions of endemic civil war. The *caudillo*, or regional strong man, became the symbol of the convulsionary period.

The history of Venezuela since that time may be viewed as the

struggle between democratic ideals and principles and the stubborn fact of the *caudillo*. Congress periodically proclaimed in ringing tones the most liberal and advanced constitutions, and with equal regularity a new *caudillo* would emerge from the wars to implant his personal dictatorship on the country's poverty, backwardness, and lack of republican experience. The authority of the victorious warrior, backed by his personal army, came to be the basis and the essence of Venezuela's political system. Such a *caudillo* was José Antonio Páez, the dominant figure from 1826 to 1846. His type of rule was respectful of the constitution, and he readily accepted the principle of change in the occupancy of the president's chair. This phase of our *caudillo* history might be termed its "legalist" period. It was followed, with the Monagas brothers (Generals José Tadeo and José Gregorio Monagas who, between them, held the presidency from 1846 to 1858), by the dictatorship of the *caudillo*, a period of arbitrary personal power, systematic violation of the constitution, and self-perpetuation in power, either directly or through underlings.

Important and colorful representatives of this period were the *caudillos* Antonio Guzmán Blanco and Joaquín Crespo. This stage in Venezuela's national life was brought to a close by the most powerful and enduring of all the strong men, Juan Vicente Gómez, who wielded absolute power for more than thirty years.

But the democratic ideal was a hardy one, and it did not perish during the long rule of the *caudillos*. It was preserved, even though as a dead letter, in the texts of the various constitutions, and it was sustained as a secret, passionate cult in the spirits of a group of intellectuals who, on rare occasions, enjoyed the fleeting luxury of moments of freedom and legality, but who for the most part suffered persecution, prison, and exile.

This high-minded, steadfast enthusiasm for the republican ideal is one of the determining factors of Venezuelan history; it is, in some respects, analogous with the tenacious and resolute search for the city of El Dorado during the sixteenth century. The Venezuelan seeks the city of justice as his forerunners sought the city of gold, with the same dedication, the same indestructible hope, and the same splendid determination.

VI

There was no inclination to accept the primitive and brutal

system of the *caudillo*, but neither was it possible to achieve a free and equitable democratic order. The twilight of the *caudillo* fell with the appearance on stage of a new, nonhuman personage: oil. The rapid development of Venezuela's oil wealth brought about a profound transformation of the country in the short space of thirty years. The population tripled, national income increased more than twenty times, and the national budget thirty times. This affluence, both wisely and poorly used, changed the entire countenance of the nation. Cities grew, transportation facilities multiplied, new and powerful social classes arose, the middle class was strengthened and became larger, industry developed, urban population outstripped the rural, hundreds of new scientific activities were started up, the means of communication were greatly expanded, education and mass culture broadened rapidly, and Venezuela's contacts with the rest of the world were enlarged and intensified.

All this could mean that we are now closer than ever to the attainment of the democratic ideal for which earlier generations struggled with so little success. Supporting this possibility are the facts of a large middle class, a high average level of education, and a more extensive and equitable distribution of wealth than before.

Nevertheless, there remain many problems and negative facets in this panorama. Relative well-being and increased wealth have yet to reach a large segment of the population. Population growth is more rapid than that of national income. The youthful sector of the populace is by far the largest (50 per cent of the country's population of 7.5 million is under 20 years of age), without experience and requisite training. And a considerable proportion of the population lacks both the means of subsistence and the ability to work.

Under these circumstances, the problem of maintaining and consolidating a truly democratic system remains a pressing one, and it is, in fact, the major question facing Venezuela today. It is true that we possess more factors favorable to success than ever before, but we will need a very large measure of insight, of efficiency, of steadfastness, and of disinterested self-sacrifice if the high hopes of the men of 1810 are to be converted for the Venezuelans of today and tomorrow into a fruitful fact: the creation of a free and equitable system which will enable the country to grow and to develop its maximum potential with the peaceful and voluntary cooperation of all its sons.

Part II

EDUCATION



Lorenzo Monroy: VENEZUELAN EDUCATIONAL
POLICY

THE STRUCTURE OF Venezuela's educational system always has been intimately linked to the social and economic structure of the country.* During the colonial period, the few elementary schools of which there is any record were open only to the children "of the first settlers and of those who served the King." Their doors were not open to "mulattoes and other inferior classes." In point of fact, the type of work that the controlling class needed from the lower classes was rudimentary toil, for which no education was necessary; there was no need to go to school to learn to work the soil or to do the jobs that had to be done with the scant mineral resources the country then possessed. The first university in Venezuela was established in Caracas in 1723.

Despite the fact that most of the men who shaped the independence movement sprang from the landholding oligarchy, they proclaimed the principle of universal education; but, like many other ideals of the period, this goal all but disappeared in the civil wars, anarchy, and impoverishment of the country that marked

*An understanding of this paper will perhaps be facilitated by a brief definition of some terms employed which have a slightly different meaning, as applied in Venezuela, from their usual meaning in the United States. The Venezuelan educational system is divided into three basic divisions: primary, which includes preschool, kindergarten, and elementary schools; middle, which includes high schools, technical and commercial schools, and normal schools; and superior, which includes pedagogic institutes and the universities. Normal schools and the pedagogic institutes train teachers, but the former train teachers for elementary schools only, and the latter train high school teachers.

the first sixty years of the republic. All these factors conspired against the establishment of an effective educational system.

However, in 1870, President Antonio Guzmán Blanco issued a decree establishing free and compulsory education. For two decades this measure gave real impetus to education in the country: more than 100,000 children went to school in that period, eight normal schools were established, and on-the-job training was instituted for teachers who had no formal professional preparation.

New civil conflicts and administrative disorder put an end to this encouraging phase of universal education. The country had again fallen into an epoch of darkness from which it was not to emerge until the death of the dictator, Juan Vicente Gómez, in 1935.

Venezuela's educational situation in that year was deplorable: school registration was only 150,000, about 11 per cent of the population between 7 and 24 years of age; more than 70 per cent of the adult population was illiterate; buildings and other physical equipment were wanting; and the number of trained teachers was infinitesimal. The University had been closed for a number of years.

On Gómez' death, a movement to revitalize education was begun, only to be rudely interrupted anew in 1948. This movement had become particularly effective during the 1945-48 period; elementary school registration rose to 500,000, normal schools to 5,600, secondary schools to 22,000, and the three universities then existing to 6,000.

During the three-year period, impressive steps were taken in the development of technical education, teacher training, and anti-illiteracy campaigns (more than 100,000 adults were taught to read and write). For the first time, a teachers' pay scale was adopted, with substantial increases; school attendance was improved through the establishment of free lunches and assistance in obtaining clothing, and effective programs of school construction and installation of equipment were carried out. Allocations for education reached a significant 12 per cent of the national budget.

Just at the time when the movement toward a sound education program was gathering force, another military dictatorship, with a deep scorn for such matters, brought educational progress to a halt for ten years. Budget allotments for education sank to 7.6 per cent of the total, which brought about an unprecedented expansion in the number of private schools; it was the private

sector that was responsible for the greatest share of education's growth during these years. Two private universities were established, in addition to scores of private elementary, normal, and secondary schools. Nevertheless, the available facilities remained far below the level required to satisfy the country's needs. Consequently, there should be no surprise at the growth of illiteracy, which rose from 33 per cent in 1950 to 57 per cent in 1958, or that only 32 per cent of the school population (7 to 24 years) actually attended school.

After the overthrow of the dictatorship in 1958, there again arose a fierce determination to create an educational system at the service of the populace, and education became a primary concern of the government. As a result, in the period from 1958 to the present, Venezuela's educational program acquired such rhythm and achieved such effects that it may be favorably compared with any education program in any country in the world, in this or any other period. School registration for the period 1935-62 is shown in Table I.

TABLE I

Academic Year	School Population* (7 to 24)	Attending School†	
		Number	Per Cent
1935-36	1,328,000	150,000	11.2
1956-57	2,500,000	800,487	32
1961-62	2,950,000	1,574,000	50

*Estimated.

†Grade school through university.

As may be seen during the last five years, some 770,000 students have been added to the active school population, an increase of 96 per cent. Current registration is 20.5 per cent of the total population, perhaps the highest of any country in Latin America.

Some sectors of opinion have expressed reservations about this unusual growth rate in our educational system, pointing out that there are other urgent problems, equally demanding of attention, in the public sector. But the philosophy which stands behind the government's educational program holds education to be a fundamental instrument for the social and economic development of the country, whose failure would make it impossible for the Vene-

zuelan people to have access to the benefits of modern scientific and technological process. In this connection, it is particularly significant that 53 per cent of Venezuela's population, which has an annual growth rate of 3.5 per cent, is less than 20 years of age. It is imperative to provide these new generations with adequate cultural equipment if we are going to secure the future of the country on more just and stable foundations. This is the thinking that guides the educational program of Venezuela, which is rated the highest priority in the plans of the democratic government.

I. Problems and Aspects of the Educational System

In accordance with the provisions of the Education Law of 1955, the Ministry of Education is authorized to set up experimental schools with different study programs. Some schools of this type now exist, particularly in the field of training of elementary teachers, with the aim of testing possible reform measures in the system.

Budget. At both the Punta del Este conference and the Santiago (Chile) conference on education and socioeconomic development, Latin American countries were urged to establish as a goal the setting aside of 4 per cent of gross national product during the next decade for education. Venezuela is now approaching this goal. Total expenditures on education during the 1961-62 academic year were Bs.1,134,100,000, or 3.7 per cent of the Gross National Product (GNP) of Bs.30,312,000,000. The increase in expenditures over 1956-57 was 166 per cent, while the GNP increased only 42 per cent, which gives an idea of the effort that has been made in the field of education. Education's place in the budget is now a respectable one, with an allocation of Bs.879 million, or 14 per cent of the total. Table 2 illustrates the development of these expenditures, in relation to GNP, and also shows the amounts expended by the private sector in education.

Annual Per Student and Per Inhabitant Cost. The annual cost per student in the different fields of education in 1962 is shown in Table 3.

Including both official and private expenditures, it is estimated that Venezuela spends Bs.145 (equivalent to \$43) per inhabitant per year on education, one of the highest per capita rates in the world.

Enrollment. As a logical consequence of the increasing support

by both government and the private sector for education, enrollment has increased almost vertically, as demonstrated in Table 4.

TABLE 2

Area of Expenditure	1956-57 (Millions of Bs.)	1962 (Millions of Bs.)	Change (Per Cent)
National schools	172.5	586.0	240
State schools	54.9	156.0	184
Municipal schools	8.1	16.4	100
Other ministries	17.9	45.3	152
Autonomous institutes	15.5	75.9	389
Private schools*	156.2	254.5	63
Totals	425.1	1,134.1	166
Gross National Product	21,366.0	30,312.0	41.7

*Estimated.

TABLE 3

Schools	Annual Cost in Bs.
Primary	271
Secondary	759
Normal	1,096
Industrial	763
Commercial	614
Artistic	770
Pedagogic institutes	2,115
University	6,130

TABLE 4

Branch	1956-57	1961-62	Per Cent Change
Preschool and Primary	694,193	1,297,965	87
Secondary	52,420	122,311	133
Normal	7,697	32,434	321
Technical	17,021	49,602	191
Pedagogic institutes	322	2,536	687
Universities	8,434	29,205	231
Adult Education	20,000	36,000	80
Totals	800,087	1,570,053	96

As a further illustration which will help understand Venezuela's present educational situation, Table 5 shows enrollment in branches of study and by grades for 1961-62.

TABLE 5

Branch	1st Year	2d Year	3d Year	4th Year	5th Year	6th Year	Totals
Preschool and							
Primary	443,640	271,008	226,906	161,832	113,665	80,914	1,297,965
Secondary	47,699	29,762	21,241	13,960	9,649	-----	122,311
Normal	7,955	10,174	9,158	5,147	-----	-----	32,434
Industrial	9,798	3,833	1,986	893	484	207	17,201
Commercial	15,325	5,966	2,730	706	558	-----	25,285
Other							
technical	5,141	1,272	511	90	21	81	7,116
Pedagogic							
institutes	1,096	644	522	274	-----	-----	2,536
University	13,063	6,263	4,705	3,202	1,625	347	29,205
Totals	543,717	328,922	267,759	186,104	126,002	81,549	1,534,053

An analysis of the data in Table 5 leads to the following conclusions:

1. A ready acceptance by the populace as a whole of the government's education policy, as demonstrated by the steady enrollment increase in all branches.

2. Because of the great influx of recent years, some 57 per cent of total enrollment is found in the first two years.

3. This great tide will swell the upper grades progressively during the next three years.

4. The meager enrollment in the upper grades of industrial education reflects the abandonment into which this field of instruction had fallen at a time when technical training is sorely needed for the nation's development.

5. Artistic education is underdeveloped.

6. Normal schools will turn out 24,000 elementary teachers in the next three years.

7. The first two years at the university level contain two-thirds of the total, which means a sharp increase in university graduates in coming years.

8. Preschool enrollment is disproportionately low because, for the time being, available resources are being concentrated on primary education.

Children Not Enrolled in School. Venezuela's efforts to incorporate all its school age population into the education system have earned recognition at several UNESCO (United Nations Educational, Scientific, and Cultural Organization) and OAS (Organization of American States) conferences. At the third meeting of the Inter-Governmental Committee in Mexico, in 1960, Venezuela held first place in the application of Project No. 1, with an increase in enrollment of 42 per cent. In the 1961-62 academic year, some 1,130,000 children of 7 to 13 were enrolled in primary and middle education, representing 86 per cent of this age group in September, 1961. The remaining 190,000 children who were not enrolled in school were, in large part, physically, mentally, or economically incapable of school attendance. It is estimated that 90,000 children of this group could be educated in special schools which the country has not yet been able to build, leaving 100,000 relatively normal children not enrolled in school.

The situation of the 14-18 age group is completely different; enrollment among this group in 1961-62 was 300,000, out of a total of 800,000, or 37 per cent, leaving a deficit of 500,000. Since some of the group will attend some kind of school before reaching the age of 18, it probably would be accurate to place the deficit at 480,000. Enrollment in the middle education bracket undoubtedly will increase rapidly, due, first, to the larger numbers emerging from the primary bracket and, second, to the growing readiness of Venezuelan families to see that their children are educated. It is probable that in 1965-66, enrollment will climb to 360,000 in middle education, and if to this figure is added the number of the 14-18 age group still in primary education (about 70,000) the total enrollment for the age group will be around 430,000.

Urban-Rural Percentage. Population distribution in Venezuela at present is 68 per cent in urban areas and 32 per cent in rural areas, with a marked tendency toward further increase in the former. According to the Ministry's figures, 76 per cent of primary students attend city schools and 24 per cent go to rural schools, which indicates a clear deficit in attendance among the rural population.

Enrollment by Sexes. The enrollment in all branches of education, by sexes, during 1960-61, is shown in Table 6.

At present the division in primary schools is about even, but it is expected that girls will begin to predominate in coming years. The present line-up of elementary school teachers is 81 per cent

women and 29 per cent men; the high proportion of female students in the normal schools indicates that this percentage will increase still more in the future. By the same token, the entrance of women into middle education as teachers is also increasing and, as Table 6 shows, women now represent 57 per cent of enrollment in the pedagogic institutes. In most of the other branches, the male sex is overwhelmingly predominant, although it is expected that female enrollment will increase gradually in the future.

TABLE 6

Branch	Per Cent	
	Male	Female
Primary	51	49
Secondary	64	36
Normal	13	87
Technical	88	12
Pedagogic institutes	43	57
Universities	71	29

Withdrawals. The increases recorded in school enrollment in recent years have been offset to a certain extent by the high ratio of student withdrawals at all levels. This ratio in 1960-61 was 17 per cent in primary schools, 14 per cent in secondary schools, and 9.3 per cent in normal schools. Among the principal causes of this are the low economic status of families concerned, the geographical dispersion of the population which makes it difficult for students to reach school, seasonal work, the lack of training of teachers, a deficient system of examinations and promotions, inadequate buildings. Withdrawals and abandonment also have an effect on the large annual enrollments, on the number of students who remain several years in lower grades, and on low rendition by students.

Repeating Students. The number of repeating students in 1960-61 in primary schools was: first grade, 58.7 per cent; second grade, 13.9 per cent; third grade, 11.2 per cent; fourth grade, 8.9 per cent; fifth grade, 5.3 per cent; sixth grade, 2 per cent; average, 19 per cent.

The same situation is found in other educational levels although not in such an intensive degree. The high number of repeating

students is due to causes similar to those of withdrawals. The situation is particularly serious in the first grade of primary schools and is a direct reflection of the low technical quality of the teachers of this grade.

Age Disparity. Another serious anomaly in the present situation is the disparity between students' ages and the grades in which they are enrolled. For example, only 44 per cent of the students in the first and second primary grades fall within the normal age brackets of 7-8 and 8-9 years, respectively. This disparity carries through to the large number of primary students above 13, who, in 1961-62, represented 14 per cent of total enrollment. The situation is due to withdrawals, repeating students, and to the fact that, until recent years, there was a very large number of children for whom school facilities simply did not exist. Fortunately, the educational program now being carried out is improving this particular problem rapidly.

Teacher Situation. Only 36 per cent of the 47,354 teachers in our educational system are graduates of the normal schools or pedagogic institutes. The breakdown by the various branches of education is shown in Table 7.

TABLE 7

Branch	Teachers	Graduates Per Cent
Preschool and Primary	35,267	46
Secondary	4,816	19
Normal	1,952	9
Technical	2,226	4
Pedagogic institutes	209	---
Universities	2,884	---
Totals	47,354	36

The situation in primary education will improve considerably within the next three years as the graduates of the normal schools and on-the-job training programs come into activity, raising the proportion of certificated teachers to 80 per cent. However, in middle education, the prospects are less promising because of the

low enrollment in pedagogic institutes and because a teacher training program for the field of technical education has not yet been started, which explains the presence of 1,200 foreign teachers in this division. The faculties of the universities are, in general, graduates of the universities themselves and their qualifications are determined by their own provisions, in accordance with the autonomy of these institutions.

Teacher Differentiation by Sex. There is now a strong majority of women among primary teachers, a condition which will become more pronounced with the high percentage of girl students in normal schools. The same tendency is noted, although to a lesser degree, in middle education due to the predominance of girls in enrollment at the pedagogic institutes, now 57 per cent of the total. The increasing participation by women in university careers, a recent development, has also raised the number of women on university faculties, although the percentage still is low. Details of the general situation are given in Table 8.

TABLE 8

Branch	Per Cent	
	Men	Women
Preschool and Primary	19	81
Secondary	68	32
Normal	60	40
Technical	74	26
University	90	10

II. Results of Educational Activities

The preceding review of some of the outstanding aspects of Venezuela's educational system discloses a typical case of horizontal development, marked by several undesirable inheritances from the past. At present, our education is undergoing a rebirth and is in the process of readjustment and consolidation. Consequently, the results in terms of student development—evaluated through a sys-

tem of outdated examinations and incomplete statistics—must be considered as very far from satisfactory. Thus, the results of the final examinations of July, 1962, show an average of 66 per cent in the primary field who passed all their examinations, ranging from 50 per cent in the first grade to 84 per cent in the sixth. In secondary education, the average was 38 per cent, the range going from 33 per cent in the first year to 69 per cent in the fifth. The normal school average was 44.5 per cent, ranging from 38.5 per cent in the first year to 82 per cent in the fourth. Make-up examinations are given in September and December of each year, and the results obtained raise these percentages considerably.

Another index by which results may be measured is the continuity of students through their school years, and in this respect the statistics are encouraging. In the primary schools, the figure for the years 1954-55 to 1959-60 was 27.1 per cent, and this had risen to 33.4 per cent in the period from 1956-57 to 1961-62, an increase of 6.3 per cent. A similar trend may be noted in secondary education; the rate rose from 39 per cent in the period from 1955-56 to 1959-60 to 44.4 per cent in 1961-62, a rise of 5.4 per cent.

Literacy Program. Venezuela under her present democratic government has carried out a remarkable literacy program, and in the first three years of its operation some 1,070,000 persons of more than 10 years of age have been taught to read and write. The 1961 census showed that the number of illiterates in the country has been reduced to 1,357,108, approximately 28 per cent of the population, and it is fully expected that illiteracy eventually will be cut to 10 per cent. Our literacy program has earned international recognition, and Venezuela has provided materials and technical assistance for the literacy programs of Panama, Honduras, and Bolivia.

School Construction. In 1958, of 8,969 schools existing in the country, only about 900 of them operated in adequate buildings, which had been constructed in a period of 54 years. The remaining schools were conducted in rented buildings or in inadequate facilities that were thoroughly unfitted for the schooling function.

Given this situation, plus the tremendous expansion of educational activities in general, the government devised an ambitious school construction program and put it into effect with the co-operation of state and municipal governments.

The results obtained to date have improved the situation considerably. In a period of only three years, 1,322 buildings for pri-

mary schools have been built and put into operation, representing an investment of approximately Bs.327 million. Construction costs are estimated at Bs.1,230 per student. The new buildings contain 5,344 classrooms which, with those already in existence, give our system a total of 11,036.

Many more school buildings are still needed, for it is estimated that there is a deficit of 7,000 classrooms, and at the current estimate of cost-per-student this construction will require an investment of some Bs.400 million. But the short-term building program to supply the deficit has already begun.

The major problems which we must deal with in the near future involve the improvement of the results of our teaching. It is impossible to set forth all these problems in detail, but some of the more important ones are discussed in the following paragraphs.

Quantitative Problems. To the existing deficit of 7,000 primary classrooms must be added 500 each year for the normal increase in enrollment. By the same token, construction of classrooms and shops for middle education is needed to meet present inadequacies and to make provision for the large increases that will occur in the near future as children move up from primary schools. And the same process will make its effects felt in the needs of higher education, particularly if the universities diversify their curricula to meet the needs of the economic and social development of the country.

The deficit in the primary education picture is not restricted to classrooms. In the matter of desks alone, there is a deficit of 35 per cent, in blackboards of 33 per cent, and similar or greater deficits exist in all classroom equipment, such as cabinets, shelves, bookcases, and seats.

Included in the category of teaching materials is the equipment needed by both teachers and students, especially those in the primary grades. Because of the low economic level of many, perhaps the majority, of families of primary age students, the legal mandate that primary education is to be compulsory and free must be supplemented by free supplies of text books, readers, notebooks, pencils, paper, and other tools of the classroom. Unfortunately, this cannot be done because of lack of funds. A conservative estimate of the cost of such measures is Bs.15 million. In middle education, it is equally necessary to provide a greater number of shops, laboratories, map collections, audiovisual aids, and other equipment.

Aid Programs. Despite substantial advances in free services for students, including food, clothing, and scholarships, there is an urgent need for at least doubling the amounts spent for dining rooms and scholarships. In 1962, expenditures for these services (including those on a national, state, and municipal level) exceeded Bs.60 million. This amount, nevertheless, falls far short of meeting the need.

Teacher Training. Now that the training of teachers for primary grades is well on the way to solution, steps must be taken to expand the training of middle-level teachers. It will be necessary to reform and increase the facilities of the pedagogic institutes so that they will be able to graduate an annual quota of teachers that will permit gradual covering of the high existing deficit plus the new requirements deriving from the growth of secondary and technical education during the next few years.

Reform of Study Plans and Programs. The study plans and programs now being used in primary education date from 1944, while those of secondary education were revised provisionally in 1961. The former, consequently, are antiquated and not in keeping with the social and economic growth of the country. Their reform is indispensable. To that end, the Ministry has named a special commission, attached to the Planning Office, which will draw up new plans and programs after consultation with teachers and with social groups interested in improving the content of our teaching.

Training of Educational Leaders. The first class of primary school supervisors has just completed its first year of study, and vocational classes are now being held for 600 directors and assistant directors of schools. It would be advisable to systematize this kind of study and to extend it to middle education. The success of the school system depends to a large extent on adequately trained supervisors and school directors.

Educational Planning. The Planning Office of the Ministry has in hand well-advanced studies in basic research of a social and statistical order. In the basis of these studies, short-, medium-, and long-term administrative programs and goals are drawn up, and the budget of the Ministry is also based on them. Seven special committees have been named by the Ministry to assist in drawing up these plans dealing with organization, financing, administration, and teaching.

Legal Questions. The reform of the present organization of the Ministry is expected to produce substantial benefits in providing

an increased degree of functional efficiency and greater operational flexibility. It is also to be hoped that Congress will act to rewrite the 1955 Education Law, which does not conform to provisions of the 1961 constitution nor to the general advancement of the country in recent years.

Financial Matters. A study of the sources of financing will be of supreme importance in aiding official organizations to stand up to the impact of the dizzying growth of educational services at the middle and superior levels in coming years. Substantial economic obligations must be assumed as a result of increased enrollment at all levels, the urgent construction needs, and the demand for equipment, increased supervision, and other problems. This is an unprecedented expansion which will continue for a number of years, until the rate of development stabilizes. Although the general outlines of this expansion are known and studies have been made for plans to deal with it, it is impossible to estimate with certainty the amount of money that will be needed each year, although tentative calculations have been made.

It may be possible to offset these large expenditures somewhat by regularizing a number of abnormal situations deriving from the period prior to 1958, such as the volume of students above normal age, repeating students, and withdrawing students. At the same time, it must be remembered that special facilities must be constructed for not less than 90,000 physically, mentally, and economically defective students. The analysis of the sources of financing for these imperious needs is a task for specialized agencies, and it is probable that recourse may have to be had to international sources as provided in the agreements signed in this area by Venezuela.

Orientation of Fundamental Policy. Venezuela's over-all education policy must be capped by a clear-cut position with respect to the type of man that is to be shaped in our schools. This is a problem of social philosophy that arises from constitutional and legal provisions; if it is not solved, all our work in education would lose its fundamental meaning.

And this basic position must be projected to all sectors of the school system's organization and operation, such as teacher training, study plans and programs, supervision of teaching, evaluation and promotion of students, and teaching methods.

The basic need of this problem, there can be no doubt, is to shape a type of free, responsible, and productive man who is capable

of being sufficient unto himself as a member of the community and of serving effectively the fundamental interests of his own community and of the nation. He is the man of our developing democracy on whom rest all the hopes for the future of the country. The definition of the image of the Venezuelan man needed for our times must be based on a profound knowledge of our historical development, our most cherished traditions, and our characteristics as a young and developing people.

Basic to this point are the studies of the economic and social development of the country and the projection of short-, medium-, and long-term plans which different government agencies are drawing up for industrial, agricultural, fishing, housing, health, highway, communications, and immigration programs. Such studies are not the direct responsibility of the Ministry of Education, but our Planning Office is well aware of the advances achieved by these specialized agencies in determining the number of highly skilled technicians and specialized labor required by the government's plans for social and economic development, and the general tendencies followed in our education system conform to these goals.

All our educational authorities are also well aware that if our people receive, in increasing degree and quantity, a higher educational level, it will be reflected in higher indices of productivity and in the general welfare of the community.

Francisco De Venanzi: THE ROLE OF THE AUTONOMOUS STATE UNIVERSITY

I. Historical Summary

CARACAS, Venezuela's capital, was founded by Diego de Lozada in 1567. In 1589, the governing council felt it necessary to dispatch an envoy to the court of King Philip II in Spain with a series of requests for the small city of 2,000 souls and for the provinces. Among the requests presented to the King was one for adequate means to satisfy the cultural needs of the colony. An ancestor of our Liberator, who bore the same name, Don Simón de Bolívar, was selected as the emissary, and he carried out his mission successfully. On his return in 1593, he was able to report that the royal assent had been granted to requests for the establishment of a class in grammar and a seminary. The latter, which was named the Tridentine Seminary of St. Rose of Lima, was founded in provisional form in 1641, was improved somewhat in 1673, and nine years later, in 1682, was installed on a definitive basis.

In order to obtain their doctorates, the graduates of the seminary had to make a difficult and dangerous journey, often placing their lives in jeopardy, to Mexico, Santo Domingo, or Santa Fe. Bishop Escalona y Calatayud took a keen interest in raising the status of the seminary to that of a university, but it was only after great difficulties that he was able to persuade King Philip V, in 1721, to give his approval and to issue a royal certificate attesting the change. The following year, Pope Innocent XIII also approved the new university through a papal bull. The inauguration of the Royal

and Pontifical University of Caracas took place in a solemn ceremony held August 11, 1725. The Canon of the Cathedral of Caracas, Francisco Martínez de Porras (who was also Rector of the seminary), was named its first Rector.

In 1785, the Seminary College of San Buenaventura was founded in the high Andean city of Mérida, and this institution was raised to university status in 1810 by the order of the Patriotic Junta of that city. The previous year, the College had been granted authorization by King Charles IV to establish courses in grammar, philosophy, canon law, and the sacred scriptures and to issue degrees in those studies.

Of much more recent date was the foundation of the remaining state universities. The University of Zulia, created May 29, 1891, was closed by order of President Cipriano Castro in 1904 and not reopened until October 1, 1946. The University of Carabobo at Valencia was inaugurated in 1958, and the University of Oriente (East) began its activities in 1960, but does not as yet have autonomy. The University of Lara, at Barquisimeto, is in the process of organization. These, with the private universities, Católica Andrés Bello and Santa María of Caracas, complete the list of centers of higher learning which now exist in Venezuela.

II. The Evolution of University Autonomy in Venezuela

The slow processes of time that led to the establishment of centers of free analysis, which, in the final instance, is what autonomous universities represent, were carried forward principally in Central University, the chief center of higher learning.

The first expression of university autonomy occurred in 1780 as a result of a conflict when the Chancellor, or Director of Studies, Don Francisco Fernández de León, a Canon of the Cathedral who had jurisdiction over the academic activities of the University (Maestrescuela), became involved in a violent controversy with the Rector and the faculty. The situation reached such a point that the Chancellor detained the Rector in the University and prevented attempts by the Bishop at mediation. When news of this reached Spain, Charles III issued a royal decree in 1784, separating the University from the Seminary and authorizing the election of the Rector every two years by "the full faculty of Doctors." The decree also stipulated that the Rector must be, in alternate years, a religious and a lay person. Autonomy was maintained with the advent

of independence and the University acquired the character of a lay, liberal institution, open to all, regardless of race, class, or beliefs.

During the government of José Tadeo Monagas, there was open interference with the principle of autonomy as a result of the Law of 1849, which opened the way for the removal of professors unsympathetic to the government and forbade the participation of these men in the competition for university posts. The complete suppression of autonomy occurred in 1883 under the administration of President Antonio Guzmán Blanco when the appointment and removal of faculty members was taken over by the government and university property was ordered sold. The government took over administration of all universities.

The education law of 1940, sponsored by Arturo Usler Pietri during the government of Eleazar López Contreras, began the movement to restore autonomy. Under the terms of this law, each school of the university was to elect two candidates to a list to be submitted to the government, which would select therefrom a Rector, Vice-Rector, and Secretary, who would serve three-year terms. This progressive step was suppressed in 1943.

In 1946, Rector Juan Oropeza named a committee of outstanding university men to draft a law which would permit the autonomous operation of the universities. They drafted the Organic University Statute, which went far to restore autonomy, and it was promulgated the same year. Despite the fact that the government retained the right to name the three top authorities—Rector, Vice-Rector, and Secretary—this legal instrument marked a definite step forward.

University autonomy persisted, under these conditions, after the coup d'état of 1948 that overthrew the government of President Rómulo Gallegos, which was replaced by the military junta of Carlos Delgado Chalbaud, Marcos Pérez Jiménez, and Luís Felipe Llovera Páez. When Delgado Chalbaud was assassinated, he was replaced by Dr. Germán Suárez Flamerich, and, in the absence of Delgado Chalbaud's moderating influence, repression was intensified. In this oppressive atmosphere, the universities continued to operate as islands of freedom, being able to retain professors considered enemies of the government because of the stability guaranteed by the Statute. The student bodies reacted antagonistically to the government policy, giving rise to a climate of internal tension which affected instruction in the universities and at times spilled over beyond the cloister walls into street disturbances.

Because of the situation thus created, the Rector of Central

University, Dr. Julio de Armas; the Vice-Rector, Dr. Ismael Puerta Flores, and the Secretary, Dr. Héctor Hernández Carabaño, were forced to resign. The appointment of their replacements, brought in from the University of Mérida, in September, 1951, unleashed a wave of student protest that was used as the pretext for outright suppression of autonomy and intervention of the University, and on October 17 a decree was issued naming a Reform Council. Still graver repercussions then occurred; the suppression of autonomy was followed by the expulsion, imprisonment, and exile of professors and students who fought the measure.

These events made it extremely difficult to continue the University in operation, but this finally was achieved and it functioned without academic independence during the subsequent government of Pérez Jiménez, still more tyrannical and severe. Agents of the infamous National Security Police were "planted" among University personnel for direct spying on activities, and a rigid control of University City was established.

The weak voices of protest raised on the campus were easily silenced until November 21, 1957, when the famous student strike, forerunner of the downfall of the dictatorship, was smashed with extreme violence.

Dr. de Armas, the Minister of Education in the provisional government headed by Wolfgang Larrazábal, named a University Commission which was asked to draw up a new law embodying autonomy and to operate Central University until the law was enacted. This came about December 5, 1958, with the issuance of a decree-law granting full autonomy to the nation's universities, an autonomy which remains in effect to this day.

III. Organization Structure of the Autonomous University

Our academic and administrative autonomy is broad and ample. The universities are required to submit an accounting and an annual report to Congress through the Ministry of Education and are subject to control after the fact by the Comptroller General's office.

There are no restrictions of racial, political, religious, or economic character to a position as a faculty member or as a member of the student body. Faculty positions, by the provisions of the law, must be won in competitive examinations. There is a high level of stability within the faculty and its members may not be removed except for causes specifically established by law, and then

after a fair trial. There is complete freedom of teaching and of research, and the University is open to all currents of universal thought. It is inspired by the concept of democracy in government, of social justice, and of respect for human rights. It has a responsibility to assess the country's problems but without neglecting its basic mission.

Seeking to provide equal opportunities for all in the field of higher education, the law establishes that undergraduate studies are free—an old and cherished Venezuelan tradition and one that has permitted large numbers of students from lower economic levels to complete their university training. The law also establishes that the national budget allocation for the country's universities is to be at least 1.5 per cent of the total government budget, although the drafting Commission had sought to make this figure 3 per cent in order to ensure a flourishing university development program. The 1963 budget, now under discussion, provides for an allocation that amounts to 1.84 per cent of the total.

TABLE I
GOVERNMENT SUPPORT OF NATIONAL UNIVERSITIES

Year	Alloca- tions (000 Bs.)	Addi- tions (000 Bs.)	Total (000 Bs.)	Min. Educa- tion Budget (000 Bs.)	Govern- ment Budget (000 Bs.)	1 as Per Cent of 5 (000 Bs.)
	1	2	3	4	5	6
1956-57	27,452	500	27,952	168,948	2,660,000	1.03
1957-58	29,704	11,291	40,995	178,341	2,800,000	1.06
1962	109,200	18,000*	127,200	579,150	5,942,000	1.84

*Estimated additions due to shortages of funds.

The University Council is the highest university authority. It is composed of the Rector, the Vice-Rector, the Secretary, the deans, a representative of the Ministry of Education, an alumni representative, and three student delegates elected by the student body.

The Rector is the presiding officer of the Council, the legal representative of the University and, with the Vice-Rector and the Secretary, is responsible for administrative and educational operations at their highest level. These three officials are elected to four-year terms by the *claustrós*, made up of the faculties, alumni representatives, and one student for each forty enrolled.

In Venezuela, we use the Spanish word *Facultad* as the equivalent for the term "school" as used in universities of many other countries. The *Facultades*, which enjoy a considerable degree of autonomy, are governed by their own councils and deans, who are the presiding officers of the councils as well as executive officers of the *Facultades*. The councils include, in addition to the deans, seven professors, elected by their fellows; an alumni representative, and two student delegates elected by the student body. There is another body known as the "Assembly of the Facultad," which consists of the professors, student representatives equal to 25 per cent of the number of professors, and five alumni representatives. These groups receive the semester report of the Dean and decide questions of major import when they arise. The Assembly also elects the Dean, for a term of three years.

Other bodies of great importance in the University are the Council of Scientific and Humanistic Development, which has charge of promoting, coordinating, and stimulating scientific research in the University in much the same manner as is done by National Research Councils in those countries which have such agencies; and the Development Council, which seeks to increase the University's income and to expand its property.

The University organization chart includes the Administration Office, the Faculty Welfare Institute, the Student Welfare Organization, the Cultural Administration (cultural extension, information, and public relations), the Central Library, the Development Office, the Planning Office, the University Maintenance Office, Sports Direction, and others.

The National University Council carries out the over-all coordination of university education in Venezuela. This body, presided over by the Minister of Education, is made up of the Rector, one Dean, and one student from each university, national or private. It has important attributes including the approval of the establishment of new *Facultades*, schools, or institutes in the universities, on the fulfillment of certain requirements for their proper operation.

IV. University Expansion

It may be said that the new era which opened for Venezuela with the overthrow of the dictatorship in 1958 has been characterized chiefly by a spirit of rebirth and expansion of the country's educational activities. Many mistakes have been made in the dizzying growth of our educational facilities; some of these mistakes have become more apparent in the expansion process, and other new ones have occurred because of the speed with which the country has set out to build an educational system adequate for the masses of our population. In spite of these admitted defects, the over-all balance may be considered positive.

The autonomous universities have played an active and dynamic part in the country's educational development. A brief look at their individual growth gives a clear indication of the magnitude of the expansion they have undergone.

The University of Carabobo, which had its start in a small School of Law established by Central University in the city of Valencia, now has 1,730 students. The University of Zulia in Maracaibo, which had 630 students when the dictatorship fell, now has an enrollment of 5,232. The University of Los Andes in Mérida had 1,395 students in 1957 and this figure has now grown to 3,973. In the same period, the enrollment at Central University has increased from 5,486 to 17,300. The University of Oriente (East), which did not exist in 1957, now has 919 students enrolled in regular academic courses and 580 students taking technical courses. This means that in five years' time total enrollment in the five government universities has grown from 7,511 to 31,154.

To make adequate provision for this substantial growth, a determined effort has been made to organize courses, sections, schools, institutes, and *Facultades*, in addition to creating new universities. One of the greatest difficulties, logically, has been that of the availability of faculty members. Plans have been drafted for the training of this personnel, qualified people have been brought in from abroad, and competent laymen in Venezuela have been persuaded to take time from their regular occupations to help out. Unfortunately, the quality of instruction has not always been all that could be desired, but special emphasis has been directed toward correcting these shortcomings. All the universities have considerably increased their library resources and their equipment. The increases in budget allocations and construction have fallen short

of actual needs, even though the expansion of government investment has been substantial.

V. Central University

To illustrate the progress of greatest interest during this period, let us consider the case of Central University (although it should be borne in mind that in the other universities as well great strides have been made toward improvement of the country's higher education).

Before entering into the details of progress achieved at our University, I would like to point out that during this whole process we have been able to maintain in all its ramifications the spirit of an open institution, free of discrimination of any kind, and with the complete academic freedom which is the fundamental *raison d'être* of the autonomy principle. No professor has been fired because of his ideological position nor has anyone been refused a job for such reasons, providing he meets the legal and technical qualifications.

During recent years, the tension among political groups active in Venezuela has increased markedly and several serious crises have arisen. As normally happens, when social and political problems exist in the community, their repercussions extend, in lesser or greater degree, to the university; this is particularly true with respect to the student body which, in youthful ardor, takes part in activities of a political nature that tend to affect the operation and stability of the university. This circumstance has created problems for the government universities and has lessened somewhat their effectiveness as educational institutions. And at Central University, there have been sporadic but serious incidents which have threatened its very structure. The full maintenance of university autonomy, together with the independence of the political criterion of university authorities, has been particularly effective in dealing with these situations. In addition, the respect toward all currents of thought that prevails in the University has sharply limited the possibility of political conflict among the members of the faculty.

When the dictatorship was overthrown, construction of the University City, which serves as Central University's seat, was well advanced. Begun during the presidency of Isaias Medina Angarita, the project progressed rapidly during the dictatorship, which gave high priority to public works construction in its over-all policies.

In January, 1958, many of the buildings were not being fully utilized, and there were some that had not been completed. Since that date, in addition to a number of expansion projects, the Odontology School and several athletic installations have been completed. The building for the Pharmacy School has been completed from scratch. Outside University City, we have constructed the Basic Science building of a School of Medicine attached to the Vargas Hospital, new facilities for the Schools of Agronomy and Veterinary Medicine at Maracay, a Food Technology Laboratory in Colinas de Bello Monte, and substantial progress has been made on an Experimental Biology Laboratory. At present, work is proceeding on the Chemical Engineering and Mechanics and Electricity school buildings, the *Facultad* of Economics building, and two buildings for the *Facultad* of Science. Existing facilities are being fully used, and we face serious space problems which must be solved in the near future.

The increase in Central University's activities is reflected in the greater budget allocations made to it by the government. In 1957, this allocation was Bs.17.5 million, and by 1962 the figure had risen to Bs.71.6 million. During the last year of the dictatorship, the University's revenues, which included matriculation fees paid by students, were Bs.3.5 million. At present they are Bs.6.5 million, not including the income from matriculation fees, which were eliminated when free education was restored.

From the start of the University City project, an important area of its grounds was earmarked for the construction of rental properties for the University. However, in spite of sustained pressure by the University, this type of work has not prospered. Other areas that had also been designated as the site of rental properties for the University have not been handed over to it, and all this has reduced the institution's source of income substantially.

Although budget allocations have increased substantially in recent years, the rate of enrollment increase has been even greater. Experience has shown that the amount of Bs.5,000 per student per year is the requisite contribution needed from the government to permit normal development of university activities. Table 2 shows the evolution of this figure during the last decade.

The 1962-63 enrollment at Central University reflects a levelling off in the rate of increase because of conditions affecting the middle education field last year, chiefly student withdrawals. However, all statistical evidence is that enrollment will continue to grow

during the next few years. All our facilities are now crowded with students, and a change is being introduced into the enrollment system; formerly open to all, it is now being made more selective, with established enrollment quotas. This system has been applied in the School of Medicine and has been approved for the different engineering schools. Its application in the School of Agronomy is under study. This decision was taken because it has become evident that enrollment scarcely can continue to grow without jeopardizing the quality of instruction. It is also hoped to raise the calibre of students and thus increase the University's effectiveness.

TABLE 2

Year	Cost per Year per Student Bs.
1953-54	4,270
1954-55	4,493
1955-56	5,070
1956-57	4,398
1957-58	4,867
1958-59	4,605
1959-60	4,477
1960-61	4,805
1961-62	4,302

Advantage has been taken of the expansion process to apply in its full force the basic policy established by the present administration of creating a faculty whose members dedicate their full time to their work as professors. In the past, Central University, like the majority of Latin American universities, has been a training ground for professors, presided over by professional men who dedicate a few hours each week to the University. This condition has been one of the principal reasons that have hampered the development of a corpus of qualified instructors and of research. Long hours of work are essential to orient and guide students and to perform effective administrative-educational work. As one means of promoting a full-time teaching career, the law provides for

such professorships. These full-time positions require the same number of hours (38 per week) as are worked by those dedicated exclusively to teaching, but the law permits, subject to University Council approval, that full-time professors may work outside the University to a restricted extent. When the dictatorship fell, there were approximately 100 full-time professors out of a total of 897 on Central University's faculty. In the 1961-62 academic year, this number had risen to 650 out of a total of 1,889. Furthermore, a large part of the School of Medicine faculty handling clinical instruction, who dedicated only a few hours a week to actual teaching, were placed on half-time (20 hours a week). Table 3 shows the breakdown in the amount of time given by faculty members to their teaching.

TABLE 3

WORKING SCHEDULES OF CENTRAL UNIVERSITY FACULTY MEMBERS
1961-62

School	Full-Time	Half-Time	Part-Time	Total
Agronomy	102	4	27	133
Architecture	15	16	101	132
Science	93	8	14	115
Law	21	16	99	136
Economics	58	14	186	258
Pharmacy	25	4	25	54
Humanities	95	45	57	197
Engineering	97	20	73	190
Medicine	97	373	80	550
Odontology	13	40	28	81
Veterinary Medicine	34	12	7	53
Total	650	552	697	1,899

The proportion of full-time personnel has been increased still more during the current academic year, and many requests have been received for additional changes; approval of these requests is limited only by budget and space reasons. By the same token, the number of professor-hours per student has increased considerably.

The University has contracted a large number of professors from abroad, some of them of international fame. At present, there are more than 100 of these men active at Central University, but the establishment of differential exchange rates for the bolivar and budgetary limitations have reduced the University's ability to utilize this type of professor. On the other hand, steps have been taken to train outstanding graduates for teaching and for research, either through on-the-job training with established professors or through sending them abroad. The Council for Scientific and Humanistic Development offers scholarships for one, two, or three years of specialized work abroad. Some 131 scholarship holders have returned to Central University and are teaching full-time, for the most part. There are now 76 others studying abroad under such scholarships. One type of scholarship, available to men with five years of teaching experience, makes possible refresher courses in their particular fields. It has not been economically feasible to establish the sabbatical year, but these scholarships go part way toward supplying that deficit. Special courses in educational fields also have been instituted for instructors who have shown development aptitude.

As is the case in many small or underdeveloped countries, there is practically no possibility in Venezuela for the movement of teaching personnel from one university to another, which is of great importance in career progress in the more advanced nations. As a result, a relatively rigid system of promotion must accompany the factor of stability if we are going to shape a professorial class that is at once qualified and dedicated almost entirely to its role as educators. The provisions of the current law call for a man to start as an instructor, after having passed the competitive examinations. A minimum of two years and an original work are required for the next step, that of assistant professor, at which point he gains stability of employment. Then, intervals of four, four, and five years, with special study in each case, are successively required for the positions of attached, associate, and full professor. After four years, the full-time professor is designated first class and after eight years, second class. Table 4 shows the comparative wage scales for these professors and their counterparts in Columbia University, as a typical United States university.

An effort has been made to balance the rigidity of the salary-promotion structure and employment stability through flexibility in rotation of occupancy of administrative-educational positions.

The council of each *Facultad*, subject to approval by the University Council, may designate course directors, department heads, and directors of schools and institutes. The latter are named for three years and may be reappointed. In a course involving a number of professors, the position of director of a course need not be given necessarily to the man with most seniority or highest rank in the salary-promotion structure.

TABLE 4

	Yearly (\$)	Monthly (\$)	Yearly (Bs.)*	Monthly (Bs.)
Central University: Full Time				
Full professor	10,097	841	45,840	3,820
Associate	7,982	665	36,240	3,020
Attached	6,396	553	29,040	2,420
Assistant	4,810	401	21,840	1,820
Instructor	4,282	357	19,440	1,620
Central University: Full Time and Exclusive				
Full professor	12,740	1,062	57,840	4,820
Associate	10,625	885	48,240	4,020
Attached	9,040	753	41,040	3,420
Assistant	7,454	621	33,840	2,820
Instructor	6,925	577	31,440	2,620
Columbia University				
Full professor	12,500	1,042	56,750	4,729
Associate	8,000	667	36,320	3,027
Assistant	7,000	583	31,780	2,648
Instructor	5,500	458	24,070	2,081

*Exchange rate used: BS.4.54 to the dollar.

As a means of strengthening the social security of faculty members, the Faculty Welfare Institute was set up, in consultation with the Professors' Association. The Institute provides faculty members with a Bs.100,000 life insurance policy, with double indemnity for accidental death, plus health insurance features. The full

cost of premiums for full-time and full-time and exclusive faculty members is borne by the University, while half the cost is paid for other faculty members. There is also a thrift plan which makes short- and long-term loans to members; the latter type of loan, whose maximum is Bs.60,000, is now being used extensively for home building. Faculty members contribute 5 per cent of their salaries to the thrift fund and the University contributes half this amount. The Welfare Institute has thrived and now possesses substantial economic strength. Recently a pharmaceutical center was established which provides faculty members with drugs and medicines at reduced prices.

TABLE 5
CENTRAL UNIVERSITY EMPLOYEES—1962

Type of Personnel	Number	Per Cent
Administration	107	2.5
Teaching staff*	1,899	44.2
Auxiliary teaching staff	367	8.5
Office	692	16.1
Technical staff	328	7.6
Service staff	531	12.3
Personnel under contract	8	.2
Labor force	372	8.6
Total	4,304	100.0

*Includes those under contract.

A pension program is operated which provides pensions equal to 75 per cent of the average salary for the last five years of service. Faculty members may take retirement after 20 years of service, if they have reached age 60, and after 25 years of service, regardless of age. Pensions also are provided for faculty members who may become incapacitated.

One of the principal objectives of the present University administration has been to guarantee equality of opportunity in higher education. This is the reason for the re-establishment of free uni-

versity education and for the great strengthening of student welfare plans, in which Bs.4.6 million were invested in 1962. The students pay Bs.75 per year to this fund, their only expense during their university career, and payment may be waived if evidence shows the student's inability to meet the obligation. For the 1962-63 academic year, student contributions to this fund totaled Bs.1,246, 800. During the 1961-62 school year, all students who needed aid and who met the requirements were given help; 522 scholarships of Bs.200 monthly (for ten months) were granted, along with 260 dormitory scholarships and 350 meal scholarships. There is also an assistance system for emergencies, medical and dental services, a cut-rate bookstore, and low-cost dining rooms—a student can eat satisfactorily on Bs.5 a day, and the dining rooms serve an average of 1,800 meals daily. There are now some 1,000 students who live in dormitories. When the dictatorship fell, there were only 130 students living in dormitories, and the only scholarships in existence consisted of waivers of the matriculation fee.

A number of factors have combined to increase the literary and scientific output of the University, including the increase in full-time and full-time and exclusive personnel, training of personnel, contracting of researchers, opening new centers of study, the creation of the University Press and encouragement of literary work, expansion of libraries and equipment, and the requirement of original works for promotions.

The work of the Council of Scientific and Humanistic Development has been of particular importance in this last respect. In addition to its granting of scholarships mentioned earlier, it administers funds for research and publication. It has an annual budget of Bs.4 million, and has made 94 grants for research projects. At present the demand for such grants exceeds the money available. In some cases, the University makes contracts with governmental agencies or with private firms for special projects, and it also receives donations for these purposes. This type of operation is in its initial stage in Venezuela.

A number of textbooks have been published in recent years and many others now are being prepared.

The Council for Postgraduate Studies was formed recently to stimulate study programs for those who have obtained their first university degree and wish to continue their studies. Such postgraduate courses now are given in some *Facultades*, but the Council hopes to be able to have them introduced into all, give them

greater uniformity, coordinate the programs, and standardize requirements for degrees.

It has been proposed that the University eliminate the traditional system of awarding the doctorate upon the presentation of a thesis, as the only requirement for the degree after completion of regular studies. Steps already have been taken in some *Facultades* to require study in advanced courses in such cases, which would give the candidate a more solid grounding in his field.

Extension services have been actively operated both within and outside the University, and some 18,000 persons have taken the general interest courses offered in the last three years. These services extend to different regions of the country as well as Caracas.

The University, in addition, is the major center of cultural dissemination in Venezuela through its own groups such as the University Choral, the Estudiantina (a musical group), the Student Chamber Orchestra, the Professional Chamber Orchestra, and the Dance Group, and through outside organizations that are contracted to give performances within the University.

Of profound concern to most universities is the effort to counterbalance the restrictive nature of specialized studies through attention to integral development of the student's knowledge. Several procedures have been adopted in the effort to widen the student's cultural horizons throughout his years at the University. There is a Commission of General Studies which has this as its goal. In many of our schools, courses in humanities are required studies. In the University's Cultural Office, there is a Department of General Studies which acts as the executive arm of the Commission of General Studies. The Cultural Office also has organized on a permanent basis activities designed to awaken the interest of students in cultural affairs.

Special attention has been given by the University to athletics, and its sports installations are of the first order. Instruction and training are given in the different branches. University teams occupy a high position in the athletic structure of the country and frequently participate in international meets. An effort is made also to interest the mass of the student body in these activities through intramural sports events. In the school year 1961-62, the University expended Bs.602,969 on its sports program.

A University Planning Office has been established which works in cooperation with the Statistics Department, the Computing

Section, and the Construction Planning Office. The University Planning Office has done important work in the organization of enrollment, analysis of student performance, mechanization of study control, integration of the different levels of education, design of different study opportunities, and professional information.

A Planning Council is now being organized. It will organize periodic seminars on planning and will provide guidelines to the University in the directions it should follow if it is to fulfill its objectives most effectively.

* * * * *

From what has been said, it is clear that the advent of democratic government and the institution of the principle of autonomy have had a great impact on university education. Central University, the oldest and best developed institution of its type in the country, has utilized to the maximum the benefits of autonomy and has taken giant strides in converting an archaic organization into a modern and efficient study center. Much remains to be done in order to achieve satisfactory goals, but a solid foundation has been laid on which to build and to progress toward those goals.

Santiago Vera Izquierdo: THE ROLE OF PRIVATE
EDUCATION IN VENEZUELA

IT IS NOT with the attitude of one who considers it his patriotic duty to parade before his foreign friends only the most favorable aspects of his country, its life, its culture, and its achievements that I am here. Nor is it my intention to blame the present government of Venezuela or its predecessors for any shortcomings I may disclose to you in the field of private education in Venezuela. On the contrary, I shall try to present an objective view of the vital question of the state of private education in Venezuela at the present moment and the role it plays in national affairs. In order to bring the present picture into focus, I must start out with a brief survey of the history of education in Venezuela.

I

During the period of Venezuelan history known as "the Colony," education was almost completely in the hands of the Church through its missionaries, and although the Crown supported the Church, as was customary of the epoch, the type of education prevailing must be considered as private, if judged by modern standards. The State had no control over educational institutions and exercised no supervision over their educational activities. It is important to bear this fact in mind in order to put in their proper perspective later encroachments by the State on the prerogatives of private schools.

The first educational institution in Venezuela was founded in

1516 by the Franciscan Order, and it provided instruction for the Indians. Throughout the Colonial period, schools grew in number as well as in the breadth and depth of the subjects taught. The old Seminary of Santa Rosa in Caracas was granted the rank of Royal and Pontifical University in 1725.

It has been said that the Spanish Crown did not foster education in Latin America and that the ignorance of the Indians and "creoles" (children born in Venezuela of Spanish parents) militated in favor of the peninsular Spaniard. Yet, the University of San Marcos de Lima, the oldest on the continent, and several other universities in Latin America are true monuments to the sound policy of a State which aided and promoted private education.

What was the level of education in Venezuela at the time, as compared with that of the old world? It is difficult to make an accurate estimate, but a few comments may provide some insight. It is a well-known fact that the writings of Rousseau and the Encyclopedists were studied and discussed in Caracas and other cities of Venezuela, and this indicates that at least in some classes a considerable degree of culture had been attained. A few years ago, some manuscripts were unearthed in the basement of an old building in Caracas which were found to contain music of the highest order. The find came to be known in Venezuela as the "Musical Wonder of the Colony." A group of musicians in Caracas at the end of the eighteenth century had maintained close contact with the old world and were clearly influenced by Haydn and other Viennese masters. Don Andrés Bello, the Latin American humanist par excellence, was born in Caracas, and his works in prose or verse, of philosophy or philology, are considered among the classics of the Spanish language.

Despite these and other instances which could be adduced, the fact that the over-all level of culture was low in the Colony is undeniable. It remained very low even long after Venezuela gained her independence.

II

A considerable advance was made by the historic decree of 1870 which established compulsory, free education in State schools so that all Venezuelan children would receive at least an elementary education. This latter objective, unfortunately, has not been reached even up to the present. The combined efforts of State and

private education have not eradicated illiteracy, and there remain more than one million illiterates in Venezuela (this figure is not official), and more than two hundred thousand children of school age who still are unable to attend school. That decree implies the recognition on the part of the State of its obligation to provide education for its citizens. It has, however, been construed as something entirely different; namely, as the right—rather, the exclusive right—of the State to educate its youth which, to a free and independent mind, is unacceptable.

Yet continuous misinterpretation of the decree has resulted in an all-absorbing control of the State in matters pertaining to education, and in 1947 a decree was issued which virtually abolished private education in the country. This decree was not implemented and, beginning in 1949, private education in Venezuela entered into a period of continuous numerical growth of considerable importance. In 1953, an important milestone was passed with the opening of two private universities in Caracas.

An idea of the numerical importance of private education in our country may be had from the following figures, taken from *Balance y Perspectivas de la Educación en Venezuela*, published by the Bulletin of the Office of Integral Planning for Education of the Ministry of Education in March of 1962 (see Table on page 70).

These figures undoubtedly are still at a low level, and continuous efforts are being made to increase the total of students, teachers, and institutions. Nevertheless, under Venezuela's present economic conditions, the numbers should not be considered discouraging. Nonofficial education supports itself mainly through fees paid by students. There are also free private schools, supported by charitable organizations, and by some of the schools that charge fees, which devote a good share of their income to that purpose. In a country like Venezuela today, where practically every family has felt the sting of economic pressure, the fact that 14 per cent of the school population is able to find its way into private schools instead of going into the free and well-housed official schools speaks well for the efforts of the private educator.

Governmental financial aid to private education has been negligible so far, but there is reason to hope that the current rate, on the order of one-fourth of one per cent of the total public education budget, will be pushed to a significant figure in the near future.

I would like to reiterate my stress on the word "numerical" when I spoke of the growth of private education since 1949. A

growth in numbers has taken place, but the essential weakness of private education in Venezuela in 1962 is the same as in 1947 or 1870. The State exerts such control over private schools in Venezuela that it is not an exaggeration to say that private education is merely tolerated; it has received neither the legislative nor moral support and freedom it deserves, nor the financial aid it requires.

NUMERICAL COMPARISON OF OFFICIAL AND PRIVATE SCHOOLS
1961-62

	Official Schools		Private Schools		Total
	Number	Per Cent	Number	Per Cent	
<i>A. Grammar Schools</i>					
Students	1,111,056	86.95	166,805	13.05	1,277,861
Professors	29,462	82.22	6,373	17.78	35,835
Institutions	11,066	92.03	958	7.97	12,024
<i>B. High Schools</i>					
Students	87,516	73.57	31,434	26.43	118,950
Professors	2,926	53.97	2,496	46.03	5,422
Institutions	141	37.80	232	62.20	373
<i>C. Technical Education</i>					
Students	48,910	96.01	2,030	3.99	50,940
Professors	2,231	89.49	262	10.51	2,493
Institutions	123	73.21	45	26.79	168
<i>D. Normal Education</i>					
Students	17,923	54.83	4,764	45.17	22,687
Professors	747	36.74	1,286	63.26	2,033
Institutions	31	24.03	98	75.97	129
<i>E. University Education</i>					
Students	23,094	86.08	3,735	13.92	26,829
Professors	2,724	88.21	364	11.79	3,088
Institutions	5	71.43	2	28.57	7
<i>F. Pedagogic Institutes</i>					
Students	2,415	100.00			2,415
Professors	244	100.00			244
Institutions	2	100.00			2
<i>Total</i>					
Students	1,290,914	85.51	218,768	14.49	1,509,682
Professors	38,334	78.05	10,781	27.95	49,115
Institutions	11,368	89.49	1,335	10.51	12,703

This control has been exerted in the past and is being exerted now in a way that appears adorned with the best of intentions; namely, the apparent duty of the State to supervise private education in order to protect the public against unqualified teachers and inadequate schools. Let me take a few minutes to review the way in which this control is effected and the extent to which it affects private education. First, however, I must refer to a condition, an attitude, that, in my view, is more dangerous than the fact of control itself, that is, that in Venezuela State control over private education is accepted as a matter of course by virtually everyone except the private universities, which enjoy absolute freedom and parity with the government universities. In the last general assembly of the Federation of Catholic Parent-Teachers Associations (FAPREC), a plea was made for freedom of teaching, but the stress was placed on the otherwise sound thesis that the State must provide the means for the children of poor parents to attend schools which derive their chief economic support from the government. With the exception of the private universities, no serious, adequate attempt has been made to challenge or reduce the effect of this control.

III

Beginning with the fourth grade, at the end of each academic year, students are required to take examinations before a board of three examiners appointed by the Minister of Education. In recent years, private schools have been permitted to name the teacher of the grade as an ex-officio member of the board. His opinion may be voiced, but that of the three board members is usually decisive. It is not the teacher who decides on the student's grade, but the board.

In addition, the curriculum for each academic year is rigidly established by official dictate, and except for a choice between English and French as a foreign language, no opportunity is afforded the private school to impart its own distinctive imprint to its teaching.

The contents of individual subjects are established by the Ministry of Education. Official "programs" are prepared, and the teachers must adhere to them. The programs list the authors to be read, the paintings, sculpture, or architectural monuments to be examined, the thinkers to be studied, and so forth.

The number of hours to be dedicated each week to each course, and the length of classroom or laboratory sessions are also compulsory for all schools in the country.

All these details are subject to supervision, and the Ministry sends inspectors to all schools from time to time to check up on the manner in which the programs are being adhered to, down to the most minute detail.

The work load imposed on students, especially at the high school level, is so heavy that it is virtually impossible to carry out advanced studies of certain topics, to say nothing of introducing entirely new courses or specialized fields of study.

I repeat that these conditions are unchallenged in Venezuela. It is true that the State has a grave responsibility to protect children and parents from the possible abuses of private schools, but this protection ought to be carried out by means different from those employed in Venezuela, which leave practically no initiative to the private teacher.

A few years ago, a noted philologist who is a professor at Caracas' Central University wrote a newspaper article in which he pointed out serious deficiencies he had encountered in high school graduates. The majority of private educators agree that teaching programs and methods must be changed, but they also point out that they cannot attempt to do it in their own courses lest their students fail in the final examinations.

In point of fact, the State-imposed controls have resulted in a generally low standard of learning in practically all subjects, an overloading of programs with details which obscure the fundamental elements of knowledge, and, in no few instances, in the teaching of falsehoods and the use of improper methods.

This is particularly true with respect to mathematics. The official programs have adopted the cyclic system, with geometry placed at the end of the course. As the programs are so overloaded with detail that they cannot be covered completely, the students go through five years of high school with practically no fundamental knowledge of geometry. Given this, I once asked a professor of solid and descriptive geometry in one of our universities how he explained the fact that students who were successful in his course failed in the parallel course of elements of calculus. He said the answer was simple. His students had had practically no geometry in high school, so they had to learn it afresh with the university course. This is a difficult, but not impossible, task.

On the other hand, the students of analytical mathematics have to go through the process of first unlearning their high school algebra, then relearning it the right way and, finally, proceeding with their university work. This, coupled with regular assignments, is indeed an overwhelming task.

I also know a man who teaches physics in the fifth year of high school and in the first year of engineering in a university. He is forced to teach the subject the official way in high school and then, in his university course, straighten out the misconceptions he himself taught. This he does so that, in his high school course, he will be able to squeeze in a few sound concepts which will pass unnoticed under the eyes of the official examiners. All private educators in Venezuela agree that, if State controls were removed, there would be a number of private schools which would get the right teachers to teach the right subjects the right way. This cannot be accomplished under present conditions, and no way has been found to present the case for private education in this light.

IV

But this is not the worst to be said against excessive State control of private education. In my opinion, this detailed control implies a disbelief in the effectiveness of education to prepare youth for life and for the practice of citizenship. To educate is to provide the means of arriving at a sound and independent analysis of life in order to be able to formulate adequate solutions to the problems that life presents. To pretend that, in order to be educated, a person must be conversant with details and more details which serve only to dim the fundamental truths, is simply to confuse education with information. The attention to detail so characteristic of Venezuela State control over private education is, then, equivalent to the confession that the State's educational aims are nothing more than to inform its youth of certain things, and not to prepare them for a fruitful and independent life. How can we ever pretend that we are educating our youth for the exercise of freedom, if the example before them is that of a teacher who himself is not free in the practice of his profession?

It will be readily seen that no matter how concerned private educators are about these problems, no matter how many well-prepared teachers are willing to dedicate their lives to the most noble of all human activities, all their efforts are doomed to futility under prevailing conditions.

The role of private educators in Venezuela has been reduced to that of a deck hand under the command of the State. It would be misleading to speak of collaboration; private education merely helps in what the State is doing, good or bad. Superhuman efforts have been made by private educators and their students to overcome these odds, and occasionally an outstanding figure appears in the fields of letters and fine arts. But there is no doubt that our products in these fields have no comparison with those from our oil fields.

V

In view of the above, the goal of private education in Venezuela must be to achieve a position of independence vis-à-vis the State. Only in this way may we speak of real collaboration. An independent group of private schools could offer healthy competition to State education. What immediate step is to be taken?

I propose: TO EDUCATE. To educate, but this time not the students, but their teachers and public men; to show them what wonders have been achieved in other nations where the law limits the power of the State and does not constitute a mere list of obligations of the citizens; to show them that the necessary protection of youth against quack teachers and educational sharpers can be attained without hindering the work of accredited institutions; to demonstrate that even if the relaxation of controls might result in a temporary proliferation of bad teaching, time will bring about a stratification of values, and the better ones will come to the surface; to cite the example of the private universities which have refused to be subject to ministerial control or supervision and which are proud of the high human values of their alumni.

I would further propose to educate the government and legislators so that they too may realize what is obvious from the point of view of private education: that to ensure authentic teaching freedom, private schools should be encouraged and supported, not guided or controlled; and to place before them the important financial fact that support of private education represents an actual economy to the State. And finally, I would propose to educate the public, the voting citizens, who may not be aware that the innocent sounding words "supervision," "protection," or "technical guidance" may be used—as in the past—as an ideal sheep's skin in which to wrap the wolf.

Once the private schools regain their freedom, they could offer the State collaboration and a loyal competition in the common task of preparing future generations of Venezuelan citizens to face life equipped with intellectual integrity and moral principles. After a century and a half, the words of Simón Bolívar ring truer than ever: "Morality and culture are our primary needs."

Part III

PUBLIC SECTOR OF THE ECONOMY

Alejandro Oropeza Castillo: THE GOVERNMENT
AND THE ECONOMY

IN THE COURSE of contemporary history, Venezuela has been, at various times, the object of world-wide attention. Before the struggle for liberty, and in the midst of the colonial period, one of the most advanced European thinkers, Baron Humboldt, observed that political unrest and decisions of the greatest importance for the destiny of America were the subject of conversation and the activities most engaged in, in the two Latin American capitals: Caracas and Havana.

I

Following history bore out this European genius' vision. Venezuela achieved its political liberty in the period from 1810 to 1821. Bolívar died in 1830 and left, as an inheritance, a possibility, a doubt, and a question. Is military and political independence enough to make a people free? Simón Bolívar, a young man who died at 47, was possessed of a great truth. He knew that Venezuelan independence lacked validity if not combined with Latin American independence. He dedicated his years of glory to the work of building "La Gran Colombia." He died when he had hardly started to use his great creative capacity, and he died with a pessimistic conviction—that his labor for political independence, if it did not also achieve democratic stability and economic independence, was like a fruitless effort to plow the sea.

To complete the work begun by the Liberator is the permanent challenge of Venezuelan history. One hundred years of anarchic

caudillismo were to pass without freedom of will or continuous order; one hundred years of barbarism; one hundred years of hopelessness; one hundred years of undermining and destroying the work of the liberators. But beyond this irregular history, there was an effort to meet the challenge and the meaning of the work of the Liberator—in the writings of the frustrated intellectuals, in the voices of the persecuted, in the verse of the rebellious poets, and in the unquenchable hope of the masses. Venezuela is aware, like Lazarus, that it must attain its just day of resurrection, since in the effort to find it, it has buried splendid generations of its people.

The establishment of democracy in Venezuela is not a simple ideological exercise. It has been, and continues to be, the fulfillment of an historic compromise, the realization of a political ideal; but, above all, it is the consolidation and the presence in its history of the essential being of the Venezuelan: Liberty.

Venezuela returns today, as in 1810, to the center of world-wide interest, because here and now, as then, it is engaged in a battle for freedom. This is a battle that is both more important and more dangerous than the conflict of twenty years ago, according to a leader of the Republican party, the present governor of New York, when on July 12, 1960, he spoke to a group of young people.

The menace to peace, liberty, democracy, and human dignity, that again we must fight in this hemisphere, is even more dangerous than the one we faced twenty years ago, even though the world is not actually at war.

Set in the northern part of South America, blessed by natural resources that make it a nation with everything necessary to be great and prosperous, that can assure its people a very high standard of living, Venezuela is a country of tradition, one whose nationalistic aspirations never have sought to exclude its sister republics from their rights of self-strengthening and development.

The interest of the world centers on Venezuela at the present moment because our country, as we have already said, is engaged in a decisive battle for freedom. In Venezuela, as in the rest of Latin America, great economic, political, and social maladjustments exist that have created structures difficult to change. Encouraged by foreign investments in basic products for export, and favored by political regimes that fit those structures, there have come to be created in Venezuela, as in the other countries of Latin

America, what we can call "elites of economic power," insistent, with better organization and obvious effectiveness each day, on conserving and increasing their control on economic activity and concentrating wealth in the hands of the few.

Venezuela, in the play of political and economic forces of world-wide concern, aside from being a country with its own national characteristics, is day by day a crucial point where a universal dilemma is finding its solution. This dilemma is the following: a community desires, yearns over its entire history to better its life. And two diametrically opposed solutions are offered to it. One is to sweep away its democratic representative system and substitute a type of totalitarianism for it, doing away with the dignity of man; and the other is responding to the needs of its masses, each day more demanding, but maintaining the basic scheme of its economic structure that is organized to offer, within the free enterprise system, a better distribution of wealth.

In Venezuela it is not a question of whether free enterprise triumphs over statism, or vice versa. In Venezuela, the fundamental problem consists in arranging, consolidating, and bringing into being a comprehensive, pragmatic, and intelligent formula, by means of which the State and individuals, each in his own sphere of activities, will play their roles in such a way that, instead of getting in each other's way, they will serve to complement one another.

We must say, with satisfaction, that apart from those elites of economic power, there is today in Venezuela a dynamic management group attuned to the march of history. It is a team of managers of private capital, represented here at this Conference, blessed with the sensitivity necessary to understand that economic productivity presents grave risks and creates a climate conducive to social and political maladjustment, if the investment of high revenues is not directed to achieving better social dividends.

II

It is not by way of historical digression, but rather by profound conviction, that we wish to call your attention to an historic fact of incalculable practical consequence. It concerns the role of the State in the economy. At the end of the Industrial Revolution, and during most of the nineteenth century, orthodox liberalism advised the wisdom of, and fundamentally directed the policy of, laissez

faire as the ideal formula by which all communities would achieve the highest economic, political, social, and cultural level.

That policy, so obvious and so simple, came to govern the relations of the so-called central countries (or developed countries) with the peripheral countries (or underdeveloped); and became the essential doctrine of the businessmen who provided capital for the economic activity of these latter countries.

In the case of Latin American countries, however, the doctrine of laissez faire came into conflict with a deep-rooted historic and legal tradition. In fact, from the same time when the period of conquest and colonialism began, with the application of the principles of the "Legislación de Indias," a peculiarity became evident that was in time going to differentiate Spanish from English colonialism. According to the laws of the "Metropoli," underground riches (at that time gold and precious stones) were royal property—that is to say, belonging to the State; and the king was able to give in usufruct, or as concessions or under any other formula he wished, the right of exploitation of the resources in question.

This legal institution of colonial times passed intact to the republic era and, at the present time, is what is behind the first provision of the Law of Mines and Hydrocarbons, which establishes the fact that anything having to do with hydrocarbons is fundamentally the property of the State and a matter of public interest.

For that reason, in studying the natural wealth of Venezuela, the manner of producing and distributing it, and analyzing the rights of private investment and the amount of its resources, we must recognize a fact that we cannot ignore; the largest receiver of income within the total economic grouping, is the State. Now then, if the Venezuelan State receives the largest part of the income, it must be inevitably the largest investor. If, by this economic determinism, the Venezuelan State is the largest investor, we must admit that what is valid and interesting is not just getting involved in a polemic concerning the advantages and defects of free enterprise, but rather undertaking the task of defining with precision the areas of complementary activity, and of proceeding in accordance with the fundamental Law of the Republic which establishes the liberty of industry and business, always under the principle that the State does not try nor does it propose to compete with private initiative. It rather seeks to stimulate it.

The Venezuelan State has already defined its economic policy and has expressed clearly the need of forming a mixed economy

in which the State management inspires and stimulates the development and strengthening of the private sector. A clear definition of the objectives and the means used to achieve these things, such as are contained in the Declaration of Economic Policy of the National Government, a document that we shall shortly circulate in its English version, presents positive and stimulating factors of economic development, and serves to be mutually beneficial to the private and public sector of the economy.

III

Venezuela is the theme of study, conversation, and discussion at this Conference. At each of the meetings, and at all the different occasions on which specific aspects of my country are analyzed, there is always present the desire to know, to form an opinion, to understand, even by a single expression or point of view, what is, what we look for, and where we find Venezuela as a country, as a nation, and as a people.

The truth is that we are not going to understand, much less to judge Venezuela, if we submit it to an easy classification. The Economic Commission for Latin America was aware of this situation when, in classifying the different countries of Latin America, it set up three large divisions: coffee producing countries, Venezuela, and other countries.

To study, analyze, and propose solutions concerning the economic development of Venezuela, we must do so with a logical emphasis on its historic and economic individuality as a nation.

By our general and synthetic economic standard we can say that Venezuela, over the last twenty-five years, has developed a fixed gross investment that, from Bs.800 million in 1940, rose to Bs.3,300 million in 1950 and on to Bs.7,000 million in 1960. In the same way, the most superficial analysis of the statistics available reveals the strong growth of a country whose national income was Bs.1,500 million in 1936 (Bs.800 per person per year); and reached Bs.20,000 million in 1960 (Bs.2,600 per person per year). This revenue, considered as distributed per Venezuelan, is the highest in Latin America, and is even comparable arithmetically with the revenue of such advanced countries as Canada, France, and Italy. The inequality is found in its social distribution, one of the indices of which our able Minister of Agriculture will analyze—land ownership. Still in Venezuela few have much and many have little.

The petroleum industry assures the country of an annual income in foreign exchange that, in the last four years, has averaged approximately \$1,400 million a year. This foreign exchange is due solely to the petroleum business, and is not a function of the exchange market. The establishment of a control over such foreign exchange, with all the favorable results to internal production, does not affect but rather guarantees the economic function of our monetary stability.

Parallel to these dynamic factors, and to place us within the geo-economic map of the continent, we should note the potential of our natural resources whose exploitation has already been boldly begun, such as iron, the proved reserves of which currently are more than 2,000 million tons, not including the vast areas not measured or tested as yet. Oil reserves, which approximate 20,000 million barrels, with large territories neither explored nor developed, continue to be the basic resource and the essential product for financing our economic development. With simple realism we can cite the case of hydroelectric energy, the development of which began with steel and aluminum production projects. Natural gas, a wealth of incalculable dimensions, is capable, according to a United Nations report, of developing the most economic and powerful petrochemical industry in Latin America. Our natural gas reserves amount to a 1,000 million cubic meters, and we are guaranteed not only the possibility of petrochemical industrialization, but liquefied gas, which offers a greater income than oil.

Concerning our attitude toward foreign investment, nearly Bs.25,000 million of the capital that presently exists in Venezuela is from foreign sources. This investment, throughout all the political vicissitudes of the nation, has been respected and the interests it represents have not been subject to violent or radical reprisal. Foreign capital enjoys the same treatment as capital engendered in the country, and the tax on income in Venezuela is more an incentive than an obstacle for development.

The productivity of foreign capital—fundamentally American—in our country is the highest in Latin America according to a recent study made by the United Nations. This study showed that Venezuela paid, in interests and dividends, \$800 million to the foreign investor. This means that each Venezuelan paid more than \$100 in interests and dividends as opposed to \$3.50 that, on the same basis, each inhabitant of the rest of the Latin American countries paid, taken all together.

Venezuela's foreign credit has been one of its most notable assets, and while other countries have defaulted on their debts occasionally, or have got prolonged moratoriums, our country has never done this; it being perfectly clear what has happened in the last four years as a result of the chaos and dishonesty of the dictatorial regime, and of a cyclical process begun by the happenings following the closing of the Suez Canal in 1956.

It has already been proved by analysis and by unofficial statistics that Venezuela has succeeded in raising the depressed curve of that recession and that, day by day, economic indicators show an ascending line of recuperation.

IV

This breath that has started to give life to the diverse sectors of our economy does not take us by surprise. There exists a plan for our economy, established realistically, for the period 1963-66 which has been made known recently. There is foreseen a global investment of Bs.30,000 million in four years, and a growth of approximately 8 per cent interannually of our product, a rhythm that will allow us to take care of the demands of economic growth and to absorb the large number of workers, approximately 80 to 90,000 of whom are thrown each year on the labor market. This program foresees, at the same time, the development in commercial quantities of Venezuelan steel. In 1966, a million tons of steel will be produced, of which 300,000 tons will be flat products. As far as the social aspect is concerned, the contribution of 240,000 homes and the settling of 200,000 families in the rural sector is considered.

It is useful to observe that the development of a plan that transcends the limits of the constitutional period of the present government is a clear indication that we have been guided, not by political interest, but by a profound desire for public service, and it is sufficiently clear that the welfare of the nation goes far beyond the short life of the government in power.

In order to realize these plans, Venezuela counts on the resources that give it its highest income; the income from petroleum is the most dynamic and important factor in our growth. Petroleum is, on one side, the sector of the economy that makes the country virtually a producer and exporter of a single basic resource; but it is, at the same time, that which provides the country with the means necessary to overcome that condition.

This dynamic function of petroleum will be accentuated in the present decade, until it passes the present production of 3 million barrels daily, to reach a figure of 5 million towards 1970. The growth in production will be accompanied by nearly triple the amount of the present proved reserves, which, it is calculated, will reach the figure of 50,000 million barrels.

Petroleum, then, offers us a broad perspective of resources for development; and time, in limiting these resources to us, forces on us the realization of a work that we must do, that is being done, vastly and intensely in this decade, described in the message of President Kennedy at Punta del Este as the decisive decade for the economic, social, and political destiny of Latin America, and, consequently, of the hemisphere in its totality.

Outside financial resources will play an important part and should serve to complement our national capital. We shall have no recourse to welfare or "aid" but rather to capital that will push ahead the development of an economy that will repay with high dividends.

The political policy of Venezuela, taking into account the eminently international condition of the petroleum industry, is oriented to the defense of markets and to the recuperation of prices, with the purpose of working against the decline that these have experienced in the face of the increase in prices of manufactured goods which we import. As far as the internal development of the industry is concerned, that policy is definite in making clear that it does not contemplate the nationalization of the private petroleum industry, but desires to stimulate it to continue the development of its present concessions and to adapt itself to the new formulas substituted for the colonial system of concessions.

Confronted with economic conditions that are extremely favorable for the investment of capital in the development of domestic production in Venezuela, it is customary to offer arguments of apparent solidity that, on being analyzed in the realistic light of historical, political, and economic criteria, collapse with no base whatsoever. It is customary to condemn with such adjectives as "socialistic" certain means of State intervention, appropriate to an underdeveloped economy that is attempting to give momentum to its own growth. Means of protection against the acquisition of foreign products on the part of the public administration are current in the United States, just as is the action of the State in imposing taxes, and in the spheres of social investment such as education,

medicine, and housing. The United States has adopted regulatory measures in these fields, and it is not logical for it to accuse an allied country of trying out socialist doctrines alien to its historic personality. Even less can we describe as the result of exotic doctrine, the struggle of a century and a half that Latin American nations have undertaken for the purpose of achieving a better life.

The great rural population and the urban masses of Latin America are not versed in the academic complexities of Marxism and Leninism, but they know by their own experience that THEY DON'T ALWAYS EAT WHEN THEY WISH, BUT WHEN THEY CAN; they are truly aware of their privations, confronted as they are by the appalling spectacle of those elites of economic power who eat what they want when they want to. The desire for equality of opportunity and for fair distribution that rises up in those masses, as a consequence of that awareness, must not be seen as the late hour indoctrination of leaders that international communism has brought in, recruited from the intellectual spheres of the continental middle and petty bourgeoisie. At bottom, all this nonconformism, rebellion, and hope represents is the old and ever frustrated aspiration of a continent which hopes that its political independence will be matched by economic independence.

V

As a result of all this, what is important in the present crossroads of history where Venezuela finds itself today is a group sincerely interested in discovering the truth, such as the University of Florida has gathered together here, to discuss freely and openly, Venezuela as a case history in development.

In my position as a representative of the government of Venezuela, it is my pleasure to invite all of you, who are expressing with your presence an interest in my country, to consider, evaluate, and analyze the following points, briefly expressed:

1. There is taking place in Venezuela, a democratic experiment that, having been confronted with the greatest difficulties and threats to its existence, is working victoriously towards the culmination of an institutional period that will change the meaning of the political history of Venezuela.

2. In the negative desire to terminate that experiment and to reinstitute a tyrannical regime, forces of the extreme left have

united with elements of the regime deposed on the 23d of January. The isolated actions of one or another of these groups have not succeeded in turning us from our course, nor in weakening the solidity of our democratic government, which reflects the deep political maturity of the Venezuelan people.

3. Any objective analysis of the national economy finds that the basic, fundamental fact is that the Venezuelan State receives the largest share of the income and becomes, on the strength of that, the principal internal investor in our economy. Accordingly, the Venezuelan State is obligated, beyond any doctrinaire position, to be necessarily an interventionist. Now then, it is a clear and obvious fact, in the official declaration of economic policy of the national government, that private initiative in Venezuela has a very important role in development, and that the function of the State in touching the economic sphere is to invigorate the private sector with ambitious programs of economic development, without being heedless of the social impact which this policy has. The national constitution itself, in establishing the freedom of industry and business as one of its fundamental principles, defines without room for doubt the situation of Venezuela as a country in the process of development within the capital system and the market economy.

4. Given the previous considerations, it is quite evident that in Venezuela, as in the rest of Latin America, an extraordinary effort is required, as much to improve the levels of economic productivity in conjunction with this effort, as to achieve a better distribution of wealth.

5. In this sense, it is useful to emphasize the message expressed categorically by President Kennedy—the need of a vast, collective effort that Latin America may overcome its present state of underdevelopment, and achieve the old ideals of the continent, brought into being today by the ideological and political conflict of cultures and opposing systems.

Lastly, I want to ask you and public opinion in general to consider and evaluate the effort of a generation that has succeeded, against contrary forces, in breaking the irregularity of its country's history; in offering all its citizens the opportunity to express their ideas, to organize themselves to achieve their material, spiritual, and group interests; and, finally, in giving them the opportunity to feel themselves active individuals of a history that previously raised dictators on the shoulders of the entire nation.

When a country has been born as ours has, and has succeeded in a gallant struggle in placing itself among the free nations of the

world and when one is able, with legitimate pride, to speak of Simón Bolívar as a son of the same native soil, he can well call himself a friend of other peoples without implying subordination or colonial complexes. We are identified with the democratic system and we are joined in the same struggle on the side of this great country of the North. But neither that circumstance, nor this identity, makes us lose sight of the drama of ourselves as a nation; that we are the responsible directors of our economic and political destiny and that, above and beyond any circumstance, we have met the challenge of our liberators: that of forging economic independence, of consolidating the political independence that they achieved for us.

I conclude by expressing the trust of the government I represent in the solidarity of Venezuelan and United States relations, as two nations that understand and unite with one another in a common ideal: that both our peoples are determined to be free and to maintain, each one, the privileges of this liberty.



Benito Raúl Losada: VENEZUELAN TAX AND FISCAL POLICIES

IN ORDER TO ESTABLISH clearly and precisely the general lines of Venezuela's tax and fiscal policies, it is advisable to make a brief summary of the conditions of growth and structure of the country's economy, as well as of the evolution of its fiscal procedures during recent years.

Consequently, this paper will comprise three parts. The first will contain a brief description of the growth and structure of the country's economy. The second will describe the development followed by fiscal policies and tax measures since 1958, and the third will set forth, on the basis of the elements described in the first two, current aspects of fiscal policy.

I. Growth and Structure of Venezuela's Economy

The Gross National Product (GNP) of Venezuela in 1961 was Bs.26,985 million, the highest in the nation's history, and national income stood at Bs.19,668 million.*

In 1950 the GNP was Bs.11,826 million, and national income was Bs.8,607 million. In the decade from 1950 through 1959, the annual average population growth rate was 3.5 per cent, while the annual average increase in income was 8 per cent, so that there was an increase in per capita income. Disposable per capita income in 1950 was Bs.1,350. By 1959 this figure had risen to Bs.2,133. On the basis

*The fixed parity of the bolivar as established by the International Monetary Fund is Bs.3.35 to \$1.

of these figures Venezuela might be classified as a country of moderate economic development. However, the unequal distribution of income (in spite of a trend in recent years toward a greater sharing by labor) reflects clear characteristics of underdevelopment, particularly since the income is concentrated in the north-central part of the country, which contributes to a regional imbalance in development. This condition of imbalance is further emphasized, with respect to sources of income, by the fact that the industrial sector occupies a distinct minority position in the alignment of the country's basic economic activities.

Another striking characteristic of Venezuela's economy is its extreme dependence on foreign economic factors: approximately 30 per cent of the GNP comes from exports, with oil and iron ore accounting for 95 per cent of this amount, while imports of goods and services utilize about 20 per cent of the GNP.

The position of the public sector has particular significance in the structure and development of the economy. The government is the principal recipient of income from the oil industry (in 1961, industry payments to the government constituted 45.8 per cent of total fiscal revenues) and public expenditures represent about 30 per cent of national income.

The growth experienced by the economy from 1950 through 1957 was due primarily to stimulus from foreign factors, including the value of exports, an improvement in the terms of trade and in the cost of servicing capital, and a net inflow of capital. Unfortunately, full advantage was not taken until 1957 of these positive external factors which led to the expansion noted and to a greater ability to import goods; this fact, coupled with, among other factors, the lack of an economic policy designed to achieve lasting development, led to the adoption of standards of demand and supply prejudicial to sound economic growth. As a result, the subsequent weakening of external factors that had stimulated the economy necessarily brought about a deterioration and general disruption of the economy, which, in turn, has been reflected in the slowing down of the GNP growth rate in recent years.

II. Evolution of Fiscal Policy in Recent Years

When the Pérez Jiménez dictatorship was overthrown in January, 1958, Venezuelan public finances were in a heavily encumbered situation, due to accumulated obligations. Although Treasury

reserves at January 23, the date of the revolution, totaled Bs.2,215 million, they were chiefly the product of nonrecurring income from new oil concessions granted by the overthrown regime. "Against this volume of reserves stood the reality of a budget that was lacking in candor and of accumulated debts, some already overdue, that involved very large sums," said the introduction to the 1958 Annual Report of the Ministry of Finance. "The previous government had as its regular practice the preparation of a budget covering only a part of the State's expenditures, which was presented to Congress for approval. Together with this budget, there was prepared the so-called Extraordinary Budget or Plan which included the remaining administrative expenditures and government investments, particularly those in public works. In this way, a considerable part of public expenditures was removed from the need for Congressional approval and was left to the caprice of the Executive Branch, with reference both to the amount involved and to the nature of the expenditures."

In addition, the dictatorship in its last few years incurred spending that exceeded income, and many projects which were completed during the period, or begun then and finished by the provisional government in 1958, were not financed normally; that is, they were not paid for during the corresponding budget year but gave rise to a very large debt that burdened subsequent public finances. "In this way," the Ministry of Finance reported, "the government obligated future revenues for several years through debts contracted in a disordered manner, with high carrying charges and excessive rates of interest."

The provisional government in 1958 attempted to bring order into this chaotic state of affairs by ascertaining the exact total of the State's obligations, their due dates and the extent of overdue payments. With an eye to the re-establishment of government credit, it assumed responsibility for payment of obligations that had fallen due prior to January 23 and for providing the money to meet other obligations scheduled to fall due during the first half of 1958. The Ministry of Finance report pointed out that to carry out this program, additional credits were decreed in the amount of Bs.1,314 million from January through June of that year.

In addition to the demands mentioned above, the Treasury had to respond to numerous requests from the provisional government for substantial expenditures: administrative reorganization, pay

increases for public employees, an emergency public works plan to avert possible social conflicts from unemployment, the reopening of industrial and agricultural lines of credit and sizable disbursements for a livestock development plan, construction of schools to meet the pressing educational needs of the country's youth, the immediate equipping of hospitals and public health centers which were in a condition of complete abandon, construction of sewer and water systems, and, finally, assistance to state and municipal governments to meet pressing obligations and to enable the undertaking of public works projects that were urgently needed in the interior of the country. Some of these many efforts fell short of success because of the lack of advance planning, an adequate financial policy, and the urgency with which they had to be carried out.

When the time came to make budget estimates for the 1958-59 fiscal year, it was calculated that expenditures, swollen by accumulated problems and by the need to meet obligations falling due, would be Bs.5,818.4 million, as compared with ordinary revenues of Bs.4,026.9 million. Although the government expected it would have to resort to public credit to supply the deficit between income and expenditures, the handling of the budget and an unforeseen increase in revenues permitted the postponement of the loan which had been proposed.

The introduction to the budget bill for the 1958-59 period set forth the general lines of budget policy as follows: integrity in drawing up estimates, strict fulfillment of administrative norms, and prompt payment at due dates of obligations contracted by the government. Concern was expressed, as well, of the need to avoid inflationary dangers.

Of special importance was the modification of tax legislation contained in two decrees of December 19, 1958, affecting the revenue stamp and income tax laws. The chief modification in the first of these laws was the elimination of the five-mill tax on gross sales income, which meant a step forward because this tax suffered numerous defects.

The principal change in the income tax law was an increase in the progressive complementary tax rates, which were established at 2 per cent on income up to Bs.8,000 with progressive increases in rates up to a maximum of 45 per cent on income of Bs.28 million and above. The previous rate schedule had been from 1.5 to 28 per cent, respectively. It is important to note that the law's pro-

visions include compensation for investments, the taxpayer enjoying the right of a rebate of up to 25 per cent in the progressive complementary tax in the case of investments for the acquisition of fixed assets destined for use in the manufacture of industrial products, in the production of electric power, in transportation, or in enterprises that will produce agricultural or livestock benefits.

In July, 1959, the budget of Bs.5,068.9 million went into effect. In its presentation to Congress, the government explained that it had been necessary to obtain public credit of Bs.1,065.39 million to cover the deficit anticipated for the fiscal year 1959-60. In April, 1960, the budget law was amended to permit the floating of a foreign loan of Bs.667 million to finance certain public works projects and for other clearly specified ends. This loan was negotiated with several United States and Canadian banks.

During 1959, important protective measures were taken by the government to meet the problem of underdevelopment, including modification of tariffs, the waiving of import duties on some goods, and the granting of import licenses. These measures have been maintained and intensified by the present government.

Congress also approved two important modifications in fiscal legislation in 1959, affecting liquor taxes and the laws governing public credit. The public credit law, which went into effect August 12, 1959, establishes a logical system for extraordinary financing operations that may be required by the government, either to solve temporary cash shortages or to permit the execution of productive projects; it also makes it more feasible for the authorities concerned to attract private saving into productive investment and to manage the money market in line with the country's current needs. The new law on liquor taxes went into effect three days later, on August 15, 1959. It is designed to fulfill important objectives in both fiscal matters and the realm of social problems.

The year 1959 in general was highly difficult, with a financial situation made dangerous by the inflationary factors inherent in prevailing conditions which, coupled with the cumulative effect of prior years, threatened to disrupt the economy seriously. The deficit public spending policy that had been followed for a number of years, the accumulation of short-term obligations, and an excessive credit expansion had placed the country in a position of spending more than was needed by a balanced development.

"In a country with freedom of imports and of exchange, the effect of these expansionist factors was felt chiefly in the balance of

payments and in the shrinking of Treasury reserves and, to a much lesser extent, in the rise of prices," according to the introduction of the 1959 Annual Report of the Ministry of Finance.

In addition to the budgetary problem, a critical foreign exchange situation arose in 1959, with the loss of exchange attributed in part to increased imports and to the persistent emigration of capital. The factors leading to capital emigration operated freely because monetary policy had created an excess of liquidity in the money market. On the one hand, the fiscal deficit provided more currency than the treasury received in the form of taxes, and, on the other, the banks, notwithstanding a decrease in deposits, maintained a high level of loan placements through the use of cash reserves and Central Bank discount facilities. The government openly and categorically rejected devaluation of the bolívar as a solution of the exchange problem. This left two alternatives: exchange controls, or the application of a fiscal and credit policy which would adjust the amount of currency in circulation to the real needs of the country and which would cease contributing to the excessive liquidity of the market.

It was decided not to institute exchange controls, and an adjustment policy was adopted that was designed to eliminate the monetary factors which had led to the excess of currency in circulation and to the flight of capital, as well as to overcome the real and psychological factors that kept the problem alive. To this end, the Central Bank adopted a policy of balancing its rediscount portfolio with the aim of preventing this facility from being used to continue the increase of credit in an inflationary manner above and beyond the normal resources of the banking system. To take care of legitimate needs of the manufacturing industry, the Venezuelan Development Corporation, the government industry financing agency, drew on its cash reserves to effect bank discounts for industry. From the end of 1959 and through 1960, fiscal policy called for austerity in public expenditures, along with monetary and credit restriction, in an effort to correct foreign and domestic imbalances. But new difficulties arose with the increase of the fiscal deficit, the intensification of capital flight, and the reduction of liquidity, which led to a decrease in investment and in the general level of economic activity. For these reasons and because of the need to put a stop to capital flight, exchange controls were established toward the end of 1960 and a policy was adopted that was designed to lead to economic recovery and stabilization.

The year 1961 included the second half of the 1960-61 fiscal year and a six-month transition fiscal period, from July 1 to December 31. That year it was decided to shift Venezuela's fiscal year from the former system that included six months of two calendar years to make it coincide with a complete calendar year, and a special budget was prepared for the six-month transition period.

A number of steps were taken during 1961 to modify Venezuela's tax legislation further. Affected were the income tax, cigarette tax, and stamp tax laws, the modifications of which were adopted in February; accompanying these changes was the adoption in June of a new law of emergency economic measures.

The most important changes effected were: placing of income tax collection on a pay-as-you-go basis; an increase in cigarette taxes; an exit tax for all persons traveling abroad. The emergency economic law authorized the government to take measures to reduce operating expenses of the public administration and to increase tax revenues. The law authorized general salary cuts for all employees of the government, its dependencies, and enterprises in which it holds 50 per cent or more of the stock. It also "froze" the provisions of collective contracts between the government and its employees and ordered the reorganization of the State's autonomous institutes with an eye to increasing their efficiency. Increased tax revenues were sought with changes in income tax rates, as well as in inheritance, gift, and other tax rates.

The application of these changes during 1961, the increase of credit capacity through bank rediscount, and the revival of the construction industry through public works and expansion of mortgage credit brought about a relative improvement in the level of economic activity, an increase in currency circulation, an increase in bank credit, and some improvement in private bank deposits. By the same token, the decrease in Treasury reserves was halted, and the GNP growth was about 4.6 per cent.

The 1962 budget, the first one to coincide with the calendar year, contained a number of changes that gave it greater uniformity. It also contained a schedule of fixed charges and salaries of personnel. In addition, the government drew up an operational and investment program which systematized the broad field of activities carried out by government agencies, detailing the goals of projects for which appropriations were to be made and the cost of the programs outlined in the budget.

In April, 1962, the government modified the exchange control

system in order to effect substantial savings in exchange available and to secure equilibrium in the balance of payments. The list of imports permitted at the official exchange rate of Bs.3.35 to \$1 was drastically reduced, producing an increase in official revenues from the exchange differential.

The proposed 1963 budget estimates that income and expenditures will balance at Bs.6,225 million. It also discloses a pronounced improvement in the fiscal situation, which will permit the budget to be balanced, a development of profound significance for economic stability.

The improvement in the fiscal situation and its expected continuation during 1963 stems from the increase in ordinary revenues, collected and estimated, and from the measures taken by the government to cut down administrative expenses. The fiscal improvement undoubtedly will be reflected by a corresponding improvement in the country's general economic picture, especially in view of the prospects of achieving a favorable balance of payments.

A comparison of expenditures during the 1956-57 fiscal year (Bs.3,921 million) with those of the proposed 1963 budget (Bs.6,225 million) shows an increase of Bs.2,304 million, or 58 per cent. However, as the budget draft bill points out, of this increase, "Bs.745 million are accounted for by the growth of educational and health-welfare costs; Bs.503 million by increased allocations from the federal government to state governments; Bs.668 million by payments on the public debt, and only Bs.338 million by the increase in all other budget expenditures."

The budget bill draft envisions capital expenditures in the amount of Bs.1,768 million, equivalent to 28.4 per cent of the estimated total. However, this does not indicate the true extent of investments to be made in 1963, since others will be financed through new loans authorized by special laws. Additional investments will be made by state governments, so that the total of capital expenditures for the year is expected to be Bs.2,764 million.

III. General Lines of Current Venezuelan Fiscal Policy

The preceding statements disclose that many and varied problems have affected Venezuelan fiscal policy in recent years, and they also bring into perspective the pressures exercised by complex political, economic, and social factors on the decisions taken by the government in financial questions.

The general objectives of budget policy should be balanced economic activity and price stability. However, in a country that is clearly underdeveloped, fiscal policy must also be shaped so as to create conditions essential to growth and to breaking the vicious circle of poverty and underdevelopment which blocks economic evolution.

The public sector is of such overriding importance in the Venezuelan economy that it must be considered basic to the structure as a whole, with its actions producing corresponding effects. Consequently, any realistic analysis of Venezuela's economy must regard a certain degree of state intervention as inevitable, a fact which heightens considerably the responsibility of those who establish and administer fiscal policy.

As has been shown, general economic conditions of the past few years have not been favorable to the growth of savings in the public sector. The following circumstances have played an important part in this: the oil slump after 1957 meant a reduced growth rate in official revenues from that industry; the large increase in income during 1956 and 1957, the result of the granting of new oil concessions in those years, led to increased operating expenses, the establishment of subsidies, and created a condition of excessive liquidity in the economy with adverse effects on the balance of payments; the tax structure was not sufficiently flexible to obtain additional revenues from the nonoil sector; and because of political and social factors and because of the urgent need for stepping up the process of economic growth, public expenditures in certain fields had to be maintained at high levels.

The current tax structure is based on three principal sources of revenue: oil income, which is determined by international prices; business transactions, determined by the volume of economic activity; and internal consumption, determined by multiple factors, among which distribution of income is perhaps the most important.

During recent years, the government has been obliged to increase some taxes and to have recourse to foreign loans because of the inadequacy of private and public capital formation. It should be stated, however, that these tax increases have not raised appreciably the rate of domestic taxation in Venezuela, which is still relatively low (about 11 per cent in 1961). It should also be pointed out that about 30 per cent of official revenues originates from resources unrelated to taxes; that is, from the exploitation of public domain and from fiscal monopolies.

With the nature of the tax structure and the Venezuelan economy in mind, the government has sought to direct its action toward a policy of defense of oil prices; toward maintaining, as far as possible, stable price levels for basic consumer goods so as to avoid inflationary tendencies; and toward securing a more equitable distribution of income at the same time that it establishes the bases for balanced growth in line with population increase.

The need to modify the country's economic structure has channeled public expenditures toward the basic goals of agrarian reform, industrialization, education, and health.

Toward this end, the government has made and will continue to make, with its own resources and through foreign loans, very large investments in farm colonies, rural housing, primary and secondary roads, the steel and petrochemical industries, industrial credits, schools, hospitals, hydroelectric plants, and other projects. Faced with the need of raising the level of investment in the degree demanded by the country's economic development, and to help meet these goals, Venezuela's fiscal policy has taken as its guidelines the following general principles:

1. Utilization of existing resources to accelerate the development of the economy and to promote its diversification.
2. Increased employment of the labor force and improved distribution of income and wealth among the different economic sectors and regions of the country.
3. Adequate coordination of monetary and fiscal policies in order to defend and to strengthen the Venezuelan currency and to achieve and maintain a favorable position of the balance of payments.
4. Intensified public investment through maximum use of available ordinary income, complemented with funds to be obtained from credit operations both at home and abroad. However, all public credits must be obtained with due regard to the nation's capacity to repay them and must have favorable terms and bear low interest rates.
5. Continued readjustment of administrative expenditures in order to reduce them to the lowest possible levels that will still permit the provision of good government services. This readjustment should be conceived as an integral step of a general reform of the public administration.
6. Stimulation of the existing policies of development and protection of agricultural and manufacturing activities through the provision of ample credit resources and the utilization of adequate fiscal measures.

7. Continued improvement of the methods used for the collection and administration of taxes.
8. Prevention of inflationary pressure by the achievement of a balanced budget and the implementation of a fiscal policy that will tend to maintain monetary circulation within limits that will allow an orderly growth of the economy while avoiding unjustified price increases.

The results of a more rational fiscal policy are becoming visible already. Besides other significant indications, we know now that treasury reserves will be much higher this year-end than at the close of 1961; that the public debt will remain within adequate bounds and will also be lower than at the end of last year; and that the payments position of the country is now practically balanced.

Given these undeniable signs of recovery that began last year and have continued in 1962, we can look forward with confident optimism towards a positive development of the country which will soon reach the pace necessary to attain one of its basic objectives: the achievement of its economic independence.

Enrique Tejera París: THE NEEDS AND THE FUTURE OF INDUSTRIAL AID

I. Population, Accomplishments, Industry Thrive Under Democracy

FIVE YEARS AGO, the life expectancy of a Venezuelan at birth was 59.6 years. Today it is 65.2 years, and we can state with pride that while Venezuela still has the birth rate of a Latin American nation, it has a mortality rate that is at the European level. Four years of democratic government have increased what Venezuelans hold most dear: their span of life. In addition to this substantial accomplishment, illiteracy has dropped substantially, from 53 per cent at the fall of the dictatorship (in January, 1958) to 20.3 per cent last year.

The highways of our democracy (5,400 kilometers, of which 3,340 are paved) would reach in a straight line from Boston to San Francisco.

Some 23,300 new classrooms have been opened, providing school facilities for more than 930,000 students; three new universities have opened their doors, along with vocational high schools, technical schools, and a system for mass training of workers by the government in cooperation with industry (the National Institute for Educational Cooperation).

The volume of school construction is so great that it would equal 35 of our famous twin towers in the Centro Simón Bolívar in

downtown Caracas,¹ and the volume of housing construction has similar proportions.²

The oil industry contributes approximately 70 per cent of its income to the national coffers, the state-owned Venezuelan Petroleum Corporation is now a fact, and oil production is greater than ever. Assistance to industry is at the highest rate in our history, and the Gross National Product continues to climb, as does the production of electric power, minerals, and agriculture.

Some one commented to me recently that two new factories are being opened each week. In any event, the growth of our industrial production, 11.8 per cent, is greater than that of Canada, India, Germany, or the world rate, which is 2.1 per cent. Venezuela's rate of increase is the highest in Latin America.

And on top of all this, Venezuela now has a government that appears to be more than stable, in fact indestructible; a government elected by the people, a government that guarantees free elections, that bases its conduct on ethical standards, whose leaders are indisputably honest. This government faithfully adheres to the law and the pre-existing judicial system, in spite of all the pressures, violence, and intrigue which are hatched against the democratic, popular, responsible, elective, and representative system which the people of Venezuela freely chose for themselves.

II. International Obstacles

This opportunity that the University of Florida has given us should be utilized in a manner befitting a university—that is, in the application of the dynamics of knowledge to the analysis of present situations and in the suggestion of practical and immediate solutions to the problems which today, as a result of human and political congestion in our world, affect all people.

The figures I have just mentioned show, at least, the image of a people engaged in a back-breaking struggle for its prosperity; and and if this people has problems, there are others who would gladly

1. School construction totals 2,273,898 cubic meters, while the twin towers have 130,154 cubic meters of construction, according to figures from the Ministry of Public Works and the Centro Simón Bolívar's Planning Office. From 1904 to 1958, 883 schools were built, while during three years of democratic government, 2,205 schools were erected.

2. The Worker's Bank, the Rural Housing Division of the Ministry of Health and Social Welfare, and state governments built 16,000 houses from 1959 through 1961.

exchange their problems for these; if it has great needs, it also has great natural and financial resources; if it has internal conflicts, it also has favorable institutional factors of the first mark, such as the undisputed support of the majority, a government in the hands of representatives of that majority who are not cruel, nor rapacious, nor extreme in word or deed; a foreign policy at once independent and friendly, and finally, and no less important, armed forces which, though Latin American, are daily giving proof of their political neutrality, loyalty, and democratic self-sacrifice.

It is grievous to have to report, in continuing this analysis, that a country like ours cannot today scale the peaks of progress—for which it is perfectly equipped—without suffering the influence of world political pressures whose strength lies in the continuation of misery and whose defeat will be produced, paradoxically, when the very objective these pressures proclaim is achieved: the welfare of the working masses. Because this philosophy is a child of the nineteenth century, it seeks, politically, the same kind of monopoly which it so justifiably criticized and fought against in the economies of that century, and by the identical dialectic: the fear of future development makes them prefer a present which they can control, to a future of independence for all.

It is equally distressing to report that world economic conditions are desperate and that, far from tending toward a swift equalization, the situation of mankind is tending to become worse precisely in the areas where it already is in miserable condition.

Thus, although world food production has shown a 13 per cent per capita increase since World War II, in Latin America it has risen only 2 per cent, and in Africa it has dropped 2 per cent. And world population is growing at the rate of 1.8 per cent annually, while Venezuela's growth rate is 4 per cent.

This growing deficit theoretically would have little importance if the underdeveloped countries exported more and obtained more foreign exchange which they could use to purchase agricultural surpluses from the developed countries. But while the latter's exports of industrial goods continue to climb in value, in keeping with the improved living standards of their workers, there is a sustained downward pressure on the price of raw materials exported by the underdeveloped countries. This increasing disparity between the price of what is exported and what is imported has forced the underdeveloped countries to seek "abnormal" compensation in the form of loans, give-aways, and assistance which,

in the long run, cost the taxpayers of the developed countries a great deal more and do not produce the obvious benefits left by a normal flow of money.

Furthermore, if foreign exchange becomes increasingly difficult to obtain, the underdeveloped countries will be forced to seek self-sufficiency. Such a trend frequently leads to extremes, privileges, corruption, high domestic prices, and lower quality of products. Consequently, it is of more than passing interest that the share of underdeveloped countries in world trade, which in 1947 was 38 per cent, dropped to 36 per cent in 1953, to 31 percent in 1956, and to 29 per cent last year.

In further support of this thesis, it must be noted that the price of industrial goods increased 24 per cent in the last decade while that of raw materials dropped 5 per cent.³ This is the result of the widely heralded "specialization" of the latter part of the nineteenth and the early part of the twentieth centuries. United Nations experts estimate that from price fluctuations alone, the raw material exporting nations suffered a loss of from 9 to 12 per cent of their annual income, or \$2 billion in 1954 and 1958 when official international donations from 1956 to 1959 were at the rate of \$2,197 million per year.⁴

III. Infrastructural Efforts Not Enough

To the study of international political and trade factors, which we have touched on lightly by way of introduction, must be added an analysis of Venezuela's own problems. These problems are so urgent that they demand a treatment even more accelerated than that which we are at present able to give them, even with our relatively substantial resources. Venezuela's current situation constitutes perhaps the best opportunity in the world today to make a test case of the possible benefits of a well-thought-out technical and financial aid program. But this does not mean that we should abandon a struggle which has scarcely begun, nor that we should confuse the means with the ends. It is perhaps fitting to divide our attention between the basic problems, which the Venezuelan people are solving with infrastructure (social overhead capital) operations, such as schools, hospitals, roads, and the problems of economic re-

3. Figures taken from "Las Economías de los Países Subdesarrollados," by J. Starovnik, *F. C. E. Gazette*, Mexico, August, 1962.

4. *Ibid.*

building, in which the cooperation of all sectors is urgently needed, including that of friendly nations.

Thanks to an effective sanitary system, Venezuela has the lowest infant mortality rate of Latin America (55.2 per thousand in 1960); this, combined with the spectacular results of the elimination of malaria, which was accomplished in the three years from 1945 to 1948, has led to a striking characteristic in our population—a very great disparity between the children and youths who must be educated and the adults who have to bear the burden of this task. This has resulted in a combination of an urgent and growing pressure on employment, with the addition of 80,000 persons to the work force each year; a lack of training of the work force because of the abandonment in which it was left by the dictatorship; an increased responsibility on parents, ill-equipped economically or culturally to accept the new responsibility; and agitation by desperate political parties that do not hesitate to resort to crime for their ends and that are not guided by strictly national interests.

Against these almost cosmic factors, the present democratic government of Venezuela is struggling. It is not to be wondered at that the worn-out political device of emphasis on the negative finds a fertile field in an atmosphere that is upset by rumors, worries, and discord. No matter how much has been done, attention always may be called to what remains to be done, or to compare what was done in ten years of dictatorship with what has been done in three years of democracy, or to draw comparisons between the concentration of public works in the federal capital and the return to a normal balance between the abandoned interior and the capital.

It was also to be expected that the change from a structure that was essentially commercial and business in nature to an industrialized structure could not be attempted without encountering problems. The following figures may give some idea of the progress achieved by this development. In 1950, 51 per cent of everything that was consumed in Venezuela was imported. In 1955, the figure was still 44 per cent. This year, it has been reduced to 28 per cent and it is continuing to go down in line with the highest rate of industrialization in Latin America (11.8 per cent). As for our Agrarian Reform, between 1948 and 1958, only 93,000 hectares of land were distributed to 4,388 families. In contrast, in the three years from 1959 to 1962, 61,000 families received 1.7 million hectares, for which the former owners were paid. The goals established in the National Plan, as revised for 1963, have been made on a

conservative basis, but are no less impressive. In the 1963-66 period, it is hoped to create 82,000 jobs, or 20,000 annually, while between 1950 and 1960, only 84,000 jobs were created, at the rate of only 7,600 per year. In other words, it is aimed to triple the accomplishment of the fifties.

The annual growth of the industrial product is expected to be 13.4 per cent, as against 8.9 per cent in the 1955-60 period. Domestic supply of manufactured products is scheduled to rise by 52.6 per cent in the years from 1962 to 1966, the value of manufacturing production by 60.2 per cent, and productivity per worker by 32.2 per cent.

Venezuela has had since 1958 not only a planning office but also a whole national system which provides for the coordination of public and private executive organizations and which operates today under the most advanced principles of methodology.

The Venezuelan government has contributed heavily to the growth of private industry. Entire factories have been equipped or re-equipped with government funds. Every new industry that opens receives the protection it needs. There is money available to assist private enterprises that need it and prospective industrialists can choose between leasing their fixed assets in plants which the Venezuelan Development Corporation will build for them, or seeking loans on already existing plants.

During the 1958-62 period, the government has furnished almost Bs.500 million in financial assistance to industry.⁵ In addition, industry received other help in the waiver of some Bs.449 million in customs duties in the 1958-60 period (as contrasted with Bs.325.6 million from 1955 through 1957) and in the assignment of import quotas.

5. Venezuelan Development Corporation long-term loans	Bs.312	million
Venezuelan Development Corporation short-term loans	24	million
Venezuelan Development Corporation special promissory notes	23	million
Venezuelan Development Corporation endorsements	28	million
Venezuelan Industrial Bank endorsements	35	million
Subtotal	Bs.422	million
Loans to small industry	22.7	million
Agricultural and Livestock Bank raw materials loans	53	million
Grand Total	Bs.497.7	million

The loans to small industry alone generated 6,700 new jobs and benefited a total of 14,300 employees and workers.

During the dictatorship, a period of ten years, only Bs.106 million was granted in long-term loans.

In view of these figures, it is not surprising to note the progress achieved in the substitution of imports and in the creation of jobs and formation of capital. On the other hand, there is a sharp disparity between the spectacular results in public works, education, health, and other areas in the field of the infrastructure, and the progress in the much more arduous and never-ending task of transforming Venezuela's economic structure. And it is here, precisely, where we will find the making or the breaking of all our efforts. At the rate at which we are now moving, we will soon draw abreast of the developed countries in the traditional functions and services of government. But the modern statesman, aware of the problems of population, employment, and poverty, cannot continue to view social overhead capital as the only end of government, no matter how important such projects may be. They must be utilized as a means for transforming the social structure and, additionally, to sustain its progress at a rate of growth higher than that of population. They must cover existing deficits and must continue beyond, in order to gain precious time in the race against poverty, lack of culture, and boredom. Or, as it was put brilliantly two centuries ago, in the pursuit of happiness.

IV. Some Concrete Measures

Our foreign listeners may be surprised at the constant comparisons between the work of the dictatorship during ten years and that of democracy in three years. It will probably seem absurd to them that it is necessary to prove that the democratic system is a good one! But they must know that in our country there is a minority which loved tyranny for purely personal reasons. This minority, together with an opposition that is also a minority and a very noisy one, tries by all means to belittle or discredit the achievements of democracy and to spread the worn-out myth of the efficiency of a dictatorship. Against persons of this type there is little that can be done because, although they listen, they do not heed. Only persuasion and time can soften them.

There is also—and this is important—another group that loves peace and order and correlates cause and effect with freedom and disorder. This group is a respectable one because, although it is not right, it has causes for concern. It might be compared to the occupants of the family car going over a rough road, who feel that if they could just get their hands on the steering wheel the

ride would be a lot smoother. In Venezuela, many independents try to get their hands on the wheel, and the bureaucracy is almost totally made up of independents with long years of service. But the country as a whole would like to live in greater peace than we now enjoy. Who, being at war, does not desire peace?

In 1958, when it was left to me to serve as chairman of the commission which created the national planning and coordination system, I remember that we established as a fundamental objective the strengthening of the principle of law and order, the speeding up of the administration of justice, and the endowment of the democratic order with greater strength. At that time of unprecedented unity and good feeling, we received some friendly criticism for this pronouncement. But within a few years, when we have successfully dominated and educated, through due process of law, the rebels without cause who are now scourging the world, the present government of Venezuela will stand out as one which had the necessary courage to refuse to compromise with a dangerous and seditious enemy, one which possessed the inner fortitude that refused to permit it to take the easy solution of measures not sanctioned by law.

I would like to indicate some paths we hope to follow in the economic field, without attempting, naturally, to cover the entire vast field of recommendations on economic policy.

In this connection, it may be stated that the Venezuelan government is already employing to the maximum its direct resources in the stimulation of private enterprise, and the time has arrived when its action must be complemented by that of others if we are not to fall into the morass of diminishing returns. I refer to the stimulus that can be provided from the private sector—domestic and foreign—through varying and flexible financial agencies which would complement the work of the Venezuelan Development Corporation and the Industrial Bank. Such agencies could float bonds and acquire a broad base of small investors; they could rebuild bankrupt businesses, get them back on their feet, and help to revive the stagnant corners of our economy. This function can be carried out only partially by the existing government agencies such as the Worker's Bank, the National Agrarian Institute, the Development Corporation, Community Development, and the like, which encounter difficulties in collecting loans. The Development Corporation, for example, with more than Bs.2 billion in assets, has a great deal of trouble in collecting its loans. Why? It

is not due to any lack of efficiency, but because, perhaps unconsciously, some recipients of loans—big as well as small—have the firmly fixed idea that the government is Santa Claus. I am convinced that mixed agencies, of government and private capital, could make collections more effectively, and collections are the foundation of credit. Venezuela has reached the point where it could create agencies of the type of the National Financing Agency of Mexico or the IRI of Italy, which contribute to strengthening and stabilizing the stock market at the same time that they help in building the economy.

If such an agency were created (and the Industrial Bank has a proposal for one under study), the Development Corporation and other government agencies could relinquish a part of their portfolios, recover liquid funds and invest them in their programs to develop the country's wealth. We would all like to see the Development Corporation return to its original functions under the banner of what has been aptly described by one of its present directors as "the youthful spirit of 1946."

Another aspect worthy of mention is the development of administrative ability. This ability is not a monopoly of the private or the public sector. In Venezuela, for example, there are well-operated public enterprises and banks and there are private enterprises and banks which are also well operated. And the contrary is also true in both cases, of course. What happens in Venezuela today, in point of fact, is that although it has a population of 8.4 million (of whom only 30 per cent have reached the age of maturity), its skilled workers, managers, doctors, and leaders are those of a country of 3 million; and although the GNP in 1961 was Bs.26,881 million and its budget is Bs.6 billion, it must manage these resources with the same limited skills and capacity of 15 or 25 years ago when we were very small and poor and certainly much less developed than we are today. Consequently, we must accelerate our training and our basic culture and must make full use of the men that we have in the jobs they now fill, taking care that they do not become worn out or bitter.

Finally, there is one last point, but one of primary importance, which is the question of business and working capital. The doctrine of capital investment in productive activities has been preached to satiety. But it can almost be said today that we have more money to build factories than we need. Once these plants have been built, we hear the other side of the story, almost as

little known as the other side of the moon: the need for working capital. I would like to put in a word here for our existing industries, those that we start up almost daily, which in the midst of great trials and tribulations either have to pay tremendous interest or close their doors. As if they were a new type of Midas, everything they touch turns into fixed assets.

With respect to business, we cannot limit our understanding to the fact that shut-downs occur among what is coldly referred to as "submarginal" enterprises. No industry can exist without distribution and it is better to use those already operating, reconstructing them, saving honest business men, than to try to create another infrastructure, because we must bear in mind that, do what we will and change what we will, we shall always be the same 8.4 million Venezuelans. Just as in the rest of Latin America, we need salesmen and we need administrators.

To sum up, Latin America is a challenge to its own inhabitants and not to its governments alone; this challenge is particularly acute in Venezuela, a country which has never failed to excel. An understanding policy of action, foresight, and freedom will resolve all our problems, one by one.



Eugenio Mendoza: THE HOUSING PROBLEM

FOOD, CLOTHING, AND HOUSING are the three elemental needs of man. From the spiritual standpoint housing is perhaps the most important, for it constitutes the foundation of the home wherein are preserved the moral standards of the family. Thus, the stability of any society depends to a great extent upon its capacity to supply decent homes. The provision of an adequate diet contributes indirectly to the solution of many other allied problems closely associated with the home, such as education, health, and social behavior. It is clear that we must confront this impelling challenge with energy and resolve. No quick and easy answer will suffice; nor can we afford to be dissuaded by the tremendous obstacles which must be overcome to solve the problem of providing adequate housing for our people.

Vital as is the role of housing in the development of a society, it must be viewed as part of a larger picture in order to arrive at a feasible solution. In effect, each community enjoys only limited productive resources with which it must satisfy many diverse needs. Consequently, it must consider the relative urgency of each of these needs in allocating its available resources. For this reason, it is not practical to adopt the simple expedient of calculating the size and growth of the population, the number of homes which that population will require, and their total cost. This method, particularly in the case of the underdeveloped countries, would absorb such a high proportion of their resources as to gravely endanger the fulfillment of other needs just as vital.

All the Latin American nations are faced with an acute shortage

of adequate housing. Not only have they been unable to stimulate sufficiently housing construction and the installation of public utilities in order to meet the new demand for housing resulting from current population increases, but they have failed to reduce the already critical shortages. Hence, the continued growth of the "ranchos" (as our shanties are known) and of slums lacking in even the most elemental services.

The population explosion underlies the urgency of adopting drastic measures; otherwise, the housing shortage can only grow progressively worse. Between 1951 and 1955 the population of Latin America increased by 17 million inhabitants. Calculating an average of $6\frac{1}{2}$ to each family, it would have been necessary to construct 2.7 million new dwellings during those four years, an average of 675 thousand per annum. Nevertheless, it is estimated that scarcely 100 thousand units were actually built each year, falling far short of covering even the new requirements caused by population growth.

In 1960 the deficit in Venezuela was estimated to be 780 thousand housing units. Adding to this figure the requirements arising from population expansion and deterioration of existing housing, it is obvious that the situation is indeed grave. If we establish a period of ten years in which to solve the housing problem in Venezuela, it would be necessary to invest an average of \$264 million annually, more than \$2.5 billion during those ten years. Arrayed against these staggering requirements, we find that in all fields of construction the combined activity of government and private enterprise barely reaches a figure of \$88 million per annum.

During the past few years there has emerged in Venezuela a growing awareness of the vital nature of the housing problem; various solutions involving funds of the government as well as private enterprise have been under consideration.

Undoubtedly, one of the most effective measures of the government has been the creation of a savings and loan system in order to encourage the formation of savings. This system, established on the basis of the experience obtained by similar organizations in the United States, has already commenced to function with a capital of \$20 million, contributed in equal parts by the Venezuelan government and the Alliance for Progress. The future growth of savings and loan institutions within this system should provide an appropriate means of attracting savings in significant volume.

The recent formation of mortgage banks has begun to fill the

vacuum in our investment market with respect to mortgage certificates with adequate guarantees, which will provide investment opportunities for those funds until now directed into individual mortgages in an unorganized market. In view of the fact that the total of such mortgages in Venezuela amounts to more than \$1,300 million, one can easily foresee the possibilities open to mortgage banking in organizing a market which, through the placement of mortgage certificates, could make available additional sums for the execution of housing programs when our investors become accustomed to this type of security.

The government has been pushing programs through its existing institutions to the extent made possible by their financial allocations. Within the past five years the *Banco Obrero* has built 30,000 housing units located throughout Venezuela and this year they plan to complete 5,000 more at a cost of approximately \$24 million.

The Instituto de la Vivienda Rural, or Rural Housing Agency, founded in 1958, has been conducting a successful program specially adapted to rural areas. Up to the present time, this agency has constructed 11,000 houses which have been offered under conditions in conformance with the income prevalent among agricultural workers.

Private enterprise has by no means remained aloof from the national concern over the housing shortage. By means of the collective contracts negotiated with their workers, part of the labor benefits have been channeled into the construction of workers' housing. This year the sugar cane industry will construct 1,000 new homes under the terms of a new contract.

One of the most satisfying achievements undertaken by private enterprise has been the creation of the Fundación de la Vivienda Popular, a nonprofit foundation dedicated to financing the construction of housing for those classes in the greatest need. This foundation has a capital of \$2.86 million fully paid up and, in addition, has received donations of land valued at more than \$2.64 million. It has been granted domestic credits totaling \$2.53 million and \$5 million from the Alliance for Progress.

With these funds, the foundation has undertaken the construction of housing for laborers and members of the lower middle income group. Two types of programs have been initiated. The first contemplates the complete development of new communities furnished with all the customary public services and utilities. Comfortable houses are being offered at a cost of \$3,000 to \$5,000 each with a

down payment of 25 per cent and the balance payable during the next ten years. The second type is designed for workers of more restricted means which will provide the answer to a gradual replacement of unhealthy slums with decent and sanitary dwellings. These units consist of prefabricated houses costing between \$1,500 and \$1,700 each with a down payment of only 10 per cent required and ten years to pay the remainder.

During 1963 the foundation plans to build 3,000 dwellings of which 700 will be prefabricated houses, 200 will be apartments, and the remainder will be houses in new real estate developments.

In order to facilitate the financing of its operations and to assure steady progress in the execution of its plans, the foundation formed the Banco Hipotecario de la Vivienda Popular subscribing to the entire capital of \$2.002 million fully paid in. This bank deals with the general public in all fields of banking activity permitted under the Venezuelan banking law, but it operates on the unusual principle of paying no dividends, as all profits are reinvested in housing programs.

We have issued a total of \$3.3 million in mortgage certificates, and thus far our experience has been quite satisfactory. Oil companies have acquired \$2 million according to an agreement signed with the government under which they have provided \$27.5 million and the government \$16.5 million to help finance new housing. This step has proved to be a strong stimulant to construction attracting private investment of \$48 million, resulting in the erection of 7,000 homes.

The foundation has the capital, the experience, and the organization to triple its programs. In order to assure the continuity of those programs, the placement of mortgage certificates is essential. As the market for these securities has not yet been sufficiently developed in my country, I consider it of the utmost importance to establish an outlet for them here in the United States.

These certificates are exempt from Venezuelan income taxes and potential investors in this country enjoy the safeguard of a United States government guarantee of 75 per cent of the face value. There is reason to believe that this percentage may soon be substantially increased.

This provides a practical reply to many North American friends who have so often asked me how private enterprise can collaborate with the Alliance for Progress in advancing the development of the Latin American nations.

The accomplishments of the Fundación de la Vivienda Popular would not be as effective as they have been without the valuable aid rendered by the Alliance for Progress in helping to finance our programs. The Alliance is without doubt an important step forward in the search for a solution to the many pressing problems of Latin America, and it was well received from the outset. However, there was a general impression that it would not be able to bring to bear the force needed with sufficient urgency. It has been only recently that we have begun to notice positive results and one feels that the plan has begun to roll.

For ourselves it is a matter of satisfaction that the first credit received by any private nonprofit institution from the Alliance was granted to the Fundación via the Development Loan Fund on March 15, 1961. The first group of houses was inaugurated in the city of Valencia, demonstrating the advantages of close cooperation between private enterprise and the Alliance for Progress.

On the basis of our experience, we recommend that the Alliance work more through private enterprise to insure the prompt and effective use of funds. The Alliance has channeled much of its aid and cooperation through government agencies.

I feel certain that the help of the Alliance in solving these urgent social problems could be more effective if they would direct a significant part of their resources to nonprofit organizations sponsored by private enterprise similar to the Fundación de la Vivienda Popular.

We further urge private enterprise of North America and of the Latin American nations to take an active role in making available their resources, knowledge, and experience in order to carry out a vast housing program which has become such a vital factor in the future development of our nations.



Teodoro Moscoso: VENEZUELA AND THE ALLIANCE
FOR PROGRESS

I

I AM PLEASED that I could join you in this Thirteenth Annual Conference, and also that we are discussing Venezuela's development program—a topic in which I have a keen interest as United States Coordinator for the Alliance for Progress. My attachment to Venezuela has been formed through personal association with President Betancourt, many of his key advisers, and many other Venezuelans for a number of years, as well as during my assignment as United States Ambassador to that country.

While I was assigned to Caracas, I had an opportunity to come to know and respect many of the governmental, private industrial, agricultural, and labor leaders present here today. I am especially impressed that the chairman of this luncheon is Harry Jarvis and that his company has joined with the University of Florida in sponsoring this conference. This act of public service typifies Creole's policies of active participation in Venezuelan life and the dedication of most United States companies operating there to the cause of democratic development. It is my hope that United States business throughout Latin America will play a similarly positive role. This would do much to improve the image of our country throughout the hemisphere and speed up substantially the attainment of Alliance for Progress objectives.

I am also pleased to see Armando González, president of the Landworkers Federation of Venezuela. The labor movement in Venezuela has demonstrated that if unions are encouraged to par-

ticipate in development planning and implementation they respond constructively to the demands of their country; and the Landworkers Federation—together with their fellow trade unionists of the Venezuelan Confederation of Labor—have become prime movers on behalf of progress and democracy.

Venezuela represents one of the most dramatic development experiences in our hemisphere. Less than five years ago, this Caribbean republic emerged from dictatorship and set her foot firmly on the path of constitutional democracy. Her leaders have been faced by a continual onslaught of the extremist opponents of popular government; the far right and the far left have alternately attempted to undermine the government which the Venezuelan people elected in December, 1958. Terrorist activities, attempted *golpes de estado*, and uprisings by minorities within the armed forces have plagued but not deterred the Venezuelan government during the last three years. We have watched it overcome each of these political crises and move gradually ahead with the implementation of its plans for progress.

The story of Venezuelan development under democratic government began before twenty republics of the Western Hemisphere met in Punta del Este in August, 1961, to form the Alliance for Progress. The direction and thrust of Venezuela's efforts anticipated the spirit and thrust of the Alliance. President Betancourt called for internal reforms and self-help in 1959 and then set about to build his development plans around these principles.

Earlier speakers have already analyzed many of the key programs of the Betancourt administration—land reform, tax reform, gearing up the public administration, expansion of public education and worker training, and promotion of private enterprise. You have been informed of progress and problems which I need not repeat here. I should only caution you that, as I learned during my stint in the Puerto Rican Development Administration, the first phase of carrying out a development program is the most difficult—with results often hard to gauge. There is no easy road to national development and economic prosperity. Experimentation is often the handmaiden of success. The experience to date in Venezuela is very encouraging, and short-run difficulties should not blind us to the signs of long-term accomplishment.

Two factors of the Venezuelan experience are most significant to the hemisphere as a whole: first, the emphasis on self-help measures and internal reforms as the basis for moving ahead to genuine

self-sustaining growth; and, second, the conscious effort to involve as broad a cross section of the Venezuelan people as possible in the developmental process.

These two policies have developed the spirit and substance of Venezuela's development effort; they cut across all the substantive programs; and they have created the conditions necessary for balanced economic growth and social betterment within the framework of constitutional democracy.

II

These same two elements—self-help and popular involvement—have been championed by the leaders of our hemisphere since Washington, Bolívar, and Martí, and they are the philosophical basis of our new Alliance. Only by winning the support of the people can we inject momentum and drive into the effort to develop our human and material resources.

This Alliance is not another assistance program by the United States. It is a multilateral undertaking which was consecrated in the Charter of Punta del Este, signed on August 17, 1961. Its basic principles were conceived by Latin Americans which found response in the United States. It evolved from the work of Latin American economists and thinkers in the postwar period; from the proposal of former President Kubitschek of Brazil for Operation Pan-America; it was nurtured by the Betancourts, the Figueres, and the Lleras Camargos. It was anticipated by former President Eisenhower in his endorsement of the Act of Bogotá. And, it was President Kennedy on March 16, 1961, who called for the marshalling of the resources of all the hemisphere republics to form an Alliance for Progress which he characterized as "a vast cooperative effort, unparalleled in magnitude and nobility of purpose, to satisfy the basic needs of the American people for homes, work and land, health and school—*techo, trabajo y tierra, salud y escuelas*."

The Charter of Punta del Este is the inter-American compact for progress. It is not an instrument of the United States but a statement of the economic, social, and political goals of all the signatory states. It demands vast efforts by the Latin American governments and pledges United States financial and technical assistance to support these efforts. It recognizes that these goals cannot be achieved overnight, calling for ten years of coordinated endeavor.

The Charter calls for policies designed to strengthen and improve democratic institutions, to draw up and implement national plans for development, to carry out administrative and social reforms, and to accelerate the rate of growth in each of the Latin American states.

The heaviest obligations were assumed by our Latin American partners. Of the \$100 billion estimated necessary to finance the ten-year development program, \$80 billion are to come from the Latin American countries themselves, and \$20 billion from external sources, with the United States providing the major share. This United States share can be estimated at \$13 billion, with \$3 billion coming from new private investments. The private sector, I feel, will meet the estimate for it if the investment climate in Latin America is adequate.

In Latin America, each signatory country is pledged to devote an increasing share of its own resources to investments in social and economic development, to accelerate rational industrialization, to diversify the productive base of the national economic structures, and to strengthen Latin American economic interdependence and cooperation.

The Charter also requires each country to raise educational, health, and other social levels as well as to make the benefits of economic progress available to citizens of all economic and social groups through more equitable distribution of national income and higher living standards.

The threads which run through all of these goals are self-help and popular involvement. None of the goals can be attained without self-help and internal reforms; and none can be accomplished without the full involvement of all the strata of the body politic.

In the year since the proclamation and initiation of the Alliance for Progress, there have been substantial gains along with some set-backs. In Mexico City, during October, 1962, the First Annual Meeting of the Inter-American Economic and Social Council at the Ministerial Level met to evaluate this first year of the Decade of Progress and to plan for the future. There was optimism, and there is good cause for it—because our Latin American partners demonstrated their unanimous determination to press ahead with the Alliance through greater self-help and more extensive efforts to generate popular commitment to the objectives of the Alliance. Dr. Felipe Herrera, president of the Inter-American Development Bank, told the National Press Club in Washington on November

14, 1962, that the Mexico council meeting "demonstrated the maturity with which all the countries of the Hemisphere are seeking to move forward in a common policy designed to achieve the economic and social welfare of the Hemisphere in accordance with the principles of the Charter of Punta del Este" For the first time in an inter-American meeting there was an utterly candid, mutually and constructively critical dialogue among the Latin American delegations—large and small. Out of it came a much improved understanding of where we are, where we want to go, and what is needed to get to our goals. Out of it also came a new sense of solidarity and urgency, forged in the crucible of a crisis that stripped our relationships down to essentials—the essentials of our need to stick together and to get on with the job of developing the lands of this new world.

III

The policies of the Betancourt administration place it in the vanguard of the Alliance. Its programs present one of the best illustrations of the application of the principles of the Charter of Punta del Este. Few Latin American countries can match its self-help measures.

Self-sustaining growth requires the building of a sound internal base for economic and social evolution. Its ingredients are the realistic appraisal of needs, problems, and resources, as well as the establishment of goals for the country's development and programs destined to achieve these goals. This process exacts of each Latin American state genuine reforms to improve the efficiency of the public administration, to promote agricultural and industrial expansion, and to raise the educational level of the people. Above all, it demands the creation and strengthening of those internal organizations and institutions through which programs can become reality.

These reforms in Venezuela have begun, and self-sustaining growth is being built into the framework of national development. As United States coordinator of the Alliance, I have watched closely how the Venezuelan government has flexibly moved forward toward its goal of ploughing back petroleum revenues to diversify its economic and social base. I have not ignored the problems which have emerged, nor has the Betancourt administration; no dynamic society can avoid problems of readjustment and transition.

The list of self-help measures undertaken by Venezuela is impressive. It includes the creation or improvement of social and economic institutions to meet the needs of the people for new industries, housing, agricultural credit, education and training, better health, and a variety of other public and private services. I have selected five of these self-help measures which are of special significance to the spirit of the Alliance.

The first relates to the improvement of the governmental efficiency. There can be no self-sustaining growth in any country without an effective public administration. In the discussions of the public sector, you have already considered the role of the government in the Venezuelan economy. You are aware of the characteristics and accomplishments of the public sector as well as the procedural and personal deficiencies it must still overcome if it is to attain the desired standards of effectiveness which have been set for it. I will only focus here on the work of the Public Administration Commission—an agency set up by the government of Venezuela to spearhead the drive for requisite efficiency in the public sector.

Four years ago—three years before the signing of the Charter of Punta del Este—the Venezuelan government set up this commission on the recommendation of a United Nations advisory team. The commission sought technical help from private consultants and international experts to guide it during its initial stages as well as to train its staff. Now, it is geared up to carry out its own work—with decreasing dependence upon external advisory assistance.

In four years, it has evaluated the needs and problems of the national, state, and municipal governments as well as those of the autonomous institutes and enterprises of the state. It has formulated concrete proposals to improve and unify administrative procedures, fiscal control, and internal operations. Its efforts have resulted in the preparation and submission to the Venezuelan Congress of five basic laws which would transform the public administration. These proposals include: a Civil Service Merit System; Reorganization of the Office of the Comptroller General; an Organic Law for the Budget; an Organic Law for Autonomous Institutions; and an Organic Law for the National Treasury.

The commission has emphasized better recruitment, selection, and utilization of public employees. It has instituted in-service training for public servants. The commission administers sixty different aptitude tests for employees in various ministries and

autonomous agencies. It has laid the groundwork for the introduction of a merit system by working out job classification standards and sponsoring studies of wage and salary scales in the public and private sectors.

In short, an institution has been set up which is responsible for, and actively engaged in, gearing up the public administration to provide the services essential for a developing nation. This is self-help of the most fundamental nature.

The second measure is one of the most difficult and often the least politically palatable of all self-help efforts: fiscal responsibility. The Venezuelan government has faced up to this need through reforms in its exchange regulations and, difficult and most important, by gradually bringing its expenditures into balance with its revenues. In 1961, the government instituted controls over expenditures and reduced its deficit by Bs.400 million; in 1963, it looks forward to a balanced budget without unduly curtailing essential developmental projects.

Its fiscal policies have emphasized public investment in development—with sizable percentages of the budget earmarked for capital projects. It has progressively overcome the fiscal problems which it inherited from the dictatorship and has gradually developed the knowledge and tools for sound fiscal management.

Its record of investments in roads, ports, communications, and other ingredients of the infrastructure is among the best in the hemisphere. The budget allocates increasing sums to human resources developments through more and better schools, industrial training, health centers, and social services. The Venezuelan government also appears to have realistically faced its needs for increased revenues to cover its expanding investments. The tax reform of February, 1961, resulted in increased collections estimated at Bs.600 million in 1961 and will amount to an estimated Bs200 million more in 1962. As a result of administrative reforms and increased taxes under the July, 1961, Law of Urgent Economic Measures, tax declarations filed in 1961 increased 22 per cent over 1960.

Moreover, the income tax office announced that collections in 1961 increased to Bs.2,362 million as against Bs.1,813 million in 1960. This increase was due in part to the implementation of the "pay as you go" system for corporations as well as improved procedures within the tax office for the administration and enforcement of income taxes.

There is no better evidence of self-help than these measures taken to improve the fiscal structure of the Venezuelan government.

National planning is the third self-help area on which I would like to comment at this time. Venezuela last month became the fifth Alliance nation to present its development plan to the appropriate inter-American agencies. In your discussions yesterday, you had the opportunity to hear from the director of the National Planning Commission, or CORDIPLAN, Dr. Manuel Pérez Guerrero, about his agency and its approach to planning. Venezuela's commitment to national programming anticipated the Charter of Punta del Este, since it places great emphasis on the need for each signatory power to develop realistic, flexible plans for expanding productive capacity in industry, agriculture, mining, transport, power, and communications and for improving conditions of urban and rural life—including better housing, education, and health.

Such planning requires assignment of priorities, definition of methods, evaluation of costs, allocation of resources, and mobilization of public and private resources. It calls for difficult decisions. The National Planning Agency of Venezuela has been in the forefront of the Latin American countries in doing this vital job.

A fourth self-help area which warrants our attention is public policies to increase agricultural and industrial diversification and production. No government can work toward economic development without the full commitment of the private sector. The economic woes besetting the Soviet Union and all other Communist-ruled countries, including Cuba, are the best evidence of the inability of government to do it alone.

The Charter calls upon the signatory powers to encourage private action in support of the development program and to stimulate private enterprise as the means for accelerating the growth rate and reducing unemployment. The Charter also calls for internal reforms to foment the role of the private sector in agricultural and industrial expansion.

Venezuela has been moving toward the implementation of these Charter objectives. You have heard from industrial, agricultural, and governmental leaders about the policies, programs, and problems which characterize the Betancourt administration's efforts. You have been apprised of its "Declaration of the Fundamental Aspects of Venezuela's Economic Policy," which is designed to promote the participation of the private sector in national development. Credit, tariff, lease-purchase arrangements, technical aids,

and standards are incentives being used to stimulate private investment in those priority industries which help produce or save foreign exchange, employ unskilled labor, utilize domestic farm products and mining materials, expand internal production of low-cost consumption goods, and promote the decentralization of industries throughout the republic.

You have studied the Agrarian Reform Law and the National Farm Development Plan. You have discussed their impact on increased agricultural production. You have been informed of the credit facilities for farmers, including the recent introduction of agricultural credit. Storage facilities have been expanded, co-operatives of various kinds set up, irrigation works undertaken, and rural housing and health given special attention.

All these actions are intended to create greater opportunities for private as well as public investment. And the evidence points to expanded private activity. Industrial activity has reached a record level. Investment in manufacturing amounted to Bs.719 million in 1961, the highest annual level in Venezuelan history. Agricultural production climbed 6 per cent in 1961. Venezuela in three years has become self-sufficient in ten major crops. One of these is the production of eggs. When I arrived in Venezuela in 1961, Venezuela was still importing up to 3 million eggs a day; today she is not only self-supporting but exporting a surplus!

Some 55,000 farm families have now been settled on more than 2 million hectares of land of their own since 1959 under the Agrarian Reform Law. Unemployment appears to have turned downward after increasing steadily during 1960 and 1961. Petroleum production has risen 8.4 per cent in 1962.

I am not ignoring problems and difficulties. I am merely putting into perspective the relationship of Venezuela and the Alliance and pointing out that the over-all results—based on the economic evidence available—appear encouraging.

The final self-help measure is the up-grading of Venezuelan manpower. Throughout the hemisphere, this undertaking of the Betancourt administration is recognized as one of the outstanding development programs in Latin America today. Venezuela has recognized that her greatest underdeveloped resource is the untapped skills and capabilities of her people; hence, she has directed an increasingly significant share of her budget and energies into schools, worker training centers, normal institutes, literacy campaigns, and higher education.

You have already heard Dr. Monroy analyze the direction and goals of these programs—and describe some of the extraordinary accomplishments. There are few countries in the world that can cite a 93 per cent rise in primary school attendance in three years through the construction of 4,481 new schools and an almost 60 per cent increase in the number of teachers. Venezuela is now fast approaching universal elementary educational opportunity for all her citizens.

Moreover, these efforts have not been limited to elementary education but include 21 new normal schools, teacher training centers, the initiation of Venezuela's first systematic nationwide program to raise worker skill levels, 41 new public high schools, and over 53,000 more students, 33 new technical schools for over 18,000 new students, a new university as well as a new Pedagogical Institute, and a national literacy campaign which has taught almost 700,000 people since 1958. Venezuela has set further ambitious goals for herself in improving the quality of instruction at the same time that she further expands her school and training system. She knows that other Latin American states have a long head start on her in public education—but she is intent on closing this gap.

The five self-help measures to which I have referred illustrate the magnitude of the internal effort taken by the Betancourt administration and demonstrate why Venezuela is in the vanguard of the Alliance. They dramatize the words of President Kennedy when he proposed the Alliance on March 13, 1961:

Let me stress that only the most determined efforts of the American nations themselves can bring success to this effort. They, and they alone, can mobilize their resources, enlist the energies of their people and modify their social patterns so that all, and not just a privileged few, share in the fruits of growth. If this effort is made, then outside assistance will give a vital impetus to progress; without it, no amount of help will advance the welfare of the people.

IV

Now to the other basic element in the Venezuelan experience: a sense of involvement by the people in the development effort. Governor Luis Muñoz-Marín, speaking before the AFL-CIO National Conference on Community Services in Chicago last May, put it this way:

The Alliance cannot be purely an economic undertaking, a transfusion of capital and skills. To succeed, it must stir the hearts of men; it must inspire them to dream and hope and then to work hard and purposefully. It must have strong ideological content.

Nor is it enough to have only general ideological content. The ideals of the Alliance must be fused with the *national* ideals in each country. Only when Bolivians think of it as *their* Alliance, will they unleash the energies which must be brought into play. Only when the Ecuadoreans and the Hondurans feel that they have a *national* program—evolved by themselves out of their own needs, out of compassion for the human suffering of their own countrymen, not something done for them in distant Washington—will they rise to the great challenge of the Alliance.

This commitment to progress requires involving the key sectors of the body politic in the processes of development. No society has yet achieved full and complete involvement—even in times of total war. Nor has any democratic government been free from criticism by one group or another—even by some directly engaged in the processes of decision making. Free societies do not seek monolithic agreement, but flexibility through debate, compromise, respect of principles, and acceptance of law.

Within Latin America, we have watched the progressive restructuring of the social and economic order. We have seen power shift from small, tightly-knit groups to increasingly larger sectors of the population. And, with the growth of these new sources of power, there is an ever-increasing need to draw them into the development process and to acquaint and involve them with national policies and development programs—a need that meets their right and their demands to participate.

In Venezuela, I had an opportunity to observe this broadening of popular participation in the affairs of the government and in the economy. I observed the participation of all sectors—labor and management, military and civilian, student and professor, urban and rural—in the national life of Venezuela. I found a broad degree of participation in national councils. The labor leader and the management officer served on commissions and boards together. The labor leader, the industrialist, and the farmer were increasingly consulted on national economic policies. The military and the civilian leadership progressively enlarged their spheres of mutual interest and understanding.

This is truly the process of creating national involvement and

identifying the aspirations of the people with the national goals of development.

In my work as United States coordinator for the Alliance, I have visited almost every country in the hemisphere—and have observed the degree to which the various segments of the society have committed themselves to national goals. Few countries have equalled Venezuela's record in this regard.

In Venezuela, the urban and rural work force through its national, regional, and local leaders plays an important role in the formulation of public policy. The labor movement has acted responsibly because the government gave it a chance to respond as an equal in national councils. In many Latin American countries, we are troubled by the growing influence of the Communists and Castroites in the urban labor movement and among farmers; yet, in Venezuela, less than two months ago, the representatives of over one million urban and rural workers met with top military leaders at the headquarters of the Venezuelan Confederation of Labor to discuss cooperative measures to defend Venezuelan democracy in the face of Communist terrorist campaigns.

I am equally impressed by the growing record of participation by industrial and agricultural leaders in the Venezuelan development process. Despite criticisms of the government's policy, a dialogue has been established—and, industrialists like Eugenio Mendoza are taking the lead in working with government leaders in shaping policies and programs designed to develop the private sectors of the economy.

As labor and management have developed close relationships with government they have increased direct contact among themselves. Labor and management, after the fall of the dictator in 1958, worked out a pattern of industrial peace which still pervades the Venezuelan economy. The sphere of collective bargaining is extensive—with a growing acceptance by both labor and management of their joint responsibilities and respective roles in modern industrial democracy.

Involvement is thus a multilateral operation, requiring the forging of bonds among all the sectors of the society—not merely between the government and each group. I observed how the Governor of the Federal District, Alejandro Oropeza Castillo, sought to identify the foreign colonies in Caracas with the efforts to reduce unemployment and to expand industrial and commercial activity. Not only did he try to reassure them of their status in

Venezuela but he urged them to strengthen their relationships with all levels of the Venezuelan government and society.

I have been impressed by the way in which many United States businessmen have responded to the new conditions of Venezuelan economic and political life during the last three years. The role of the Creole Petroleum Corporation warrants special mention. For almost two decades, it has fostered Venezuela's educational and cultural development by training its own workers and through the Creole Foundation which supports numerous projects outside the petroleum industry. Last year, it founded the Creole Investment Corporation, a wholly owned subsidiary with a working capital of \$10 million whose objective is to make minority equity investments in business ventures outside the oil industry. It has stimulated economic diversification and invested to date more than \$4 million in 14 enterprises hiring over 1,200 people and contributing to the employment of an estimated 5,000 additional Venezuelans. The majority of the stock in these enterprises is Venezuelan, and the corporation, I understand, looks to the time when it will be entirely Venezuelan.

Such initiatives come only when there is a sense of involvement. The Venezuelan government has encouraged this involvement through the Development Corporation, Productivity Center, and other industrially-oriented activities by government ministries. Differences exist over petroleum policies and the role of the state in basic industrial development; but, the dialogue exists and the various sectors are engaged in seeking solutions within the framework of democratic development.

The effort to incorporate the Venezuelan people into the development effort is not limited to the already organized sectors of society. Through the community development program sparked by Dr. Carola Ravel, a broad cross section of the mass of the people has been stimulated to make progress a meaningful part of their lives.

Dr. Ravel began working in 1959 in four communities; today her efforts extend to 258 in 13 states where the people are engaged in over 800 projects of self-improvement, ranging from construction of roads, water supplies, community centers, houses, and schools to literacy campaigns, training in home economics, and the establishment of cooperatives. I visited the city of Anaco with Dr. Ravel in 1961 to see the work of the community in paving its streets and building community centers; I was impressed not merely by the

dimensions of material improvement wrought but also by the spirit of the people. One unemployed oil worker told me that day that he was proud to have taken part in the community projects, because it had made him an active participant in Venezuela's efforts for self-development.

The success of the community development experience has led to the creation in February, 1962, of the Foundation for Community Development and Municipal Improvement which will spearhead the progressive extension of these activities to all corners of the republic. I am proud of the fact that our agency has recently loaned \$30 million to spread the good work of the foundation over the length and breadth of Venezuela.

The involvement of these various social and economic groups—from urban and rural areas—in the programs and processes of national development has been effective in Venezuela because it is a conscious effort of the government itself—an essential ingredient of the policy and politics of the Betancourt administration. This psychological involvement of the people may well be the cornerstone of success for development not only in Venezuela but in all the Alliance countries.

V

The harnessing of the energies of our peoples and their commitment to the goals of the Alliance constitute the greatest long-term challenge to this hemisphere. Where national leaders such as Rómulo Betancourt are attempting to accomplish these objectives, the United States—as an Alliance partner—stands ready to provide the external economic and technical assistance which cannot be provided from the resources of the countries themselves.

It is the consensus of most inter-American experts that, despite political disorder and sabotage organized by the Fidelistas and Communists, Venezuela is making real progress. The economic and social indicators bear out this conclusion. There is every reason for confidence that Venezuela will be among the first Latin American countries to demonstrate effectively to her people that man's unsatisfied aspirations for economic progress and social justice can be best attained by free men working within the framework of democratic institutions.



Part IV

PRIVATE SECTOR OF THE ECONOMY



Peter R. Nehemkis, Jr.: WANTED: A BUSINESS
ALLIANCE FOR PROGRESS

VENEZUELA is a microcosm for all the burning issues of Latin America. But it is something more. Venezuela is the beacon light of hope for democracy in Latin America. If the lights go out in Venezuela, one of the richest prizes in the Western Hemisphere will have been won by the *Castristas*.

Our dialogue concerns a crisis in the confidence of capitalism in Latin America. In the Western Hemisphere all roads once led to Havana. We, too, begin at Havana.

I

United States private investment in Latin America has been one of the major casualties of the Cuban revolution. With no more formality than a lengthy TV harangue, Dr. Castro successfully wiped out \$1 billion of American investments in the Pearl of the Antilles. Expropriation hangs like a sword of Damocles over the remaining \$8 billion of United States investments scattered throughout the southern continent.

The meaning of Dr. Castro's deepening shadow is apparent from these simple figures. In 1957, the flow of United States direct investment to Latin America was over \$1.5 billion. In the first half of 1962, it was precisely zero. Not only has investment in Latin America been arrested, but some companies are bringing their capital home. What this implies, in a word, is that United States business has lost confidence in Latin America.

The cessation in United States investment means that Secretary of the Treasury Dillon is shy some 30 per cent of his \$1 billion Punta del Este commitment. Of this amount, \$300 million was to be provided through United States private investment. Now if only a shortage of \$300 million were involved, this would be small change to the United States government. Belatedly, however, the Washington policymakers have come to the realization that, without a continued flow of new United States private capital, the Alliance for Progress is a stick of dynamite with no percussion cap.

Some in the business community believe the loss of confidence in Latin America results largely from shrinking profit margins. Superficially, the statistics appear to support this contention. In 1960, the average return on investments in Latin America (after U. S. taxes or remittances) was 9.2 per cent—just about the same average return as from the United States. In short, by staying home, without incurring any risks or losses from currency devaluation, you could, statistically speaking, do just as well as in Latin America. On the other hand, the after-tax return from investments in the European Common Market was almost 14 per cent. The more than \$7.5 billion of United States direct investment which had moved into West Europe by the end of 1961 is clear evidence of the magnetic attraction of the European Common Market.

These statistics, however, tell only part of the story; perhaps not even the most significant part at that. It is Latin America's political instability—more than any other element in the investment equation—which has sapped investment confidence.

Political instability in Latin America is endemic. One hundred and fifty years after the breakup of the Spanish and Portuguese empires representative government is still an elusive aspiration. Democratic constitutional trappings borrowed from the United States and parliamentary edifices appropriated from France are largely theatrical stage props. Latin America has a three-beat political rhythm: dictatorship, revolution, dictatorship. In the service of truth let it also be said that if democracy is conspicuous by its absence in Latin America the Colossus of the North is not without some blame. United States' history of support for the status quo has scarcely been consistent with the democratic cause.

Contemporary events in South America's major countries are profiles of political instability. Since the resignation of Jânio Quadros from the presidency there has been for all practical purposes no functioning government in Brazil. One of Brazil's best-

known economists, Dr. Celso Furtado, characterizes Brazil as in a prerevolutionary state. If and when the Northeast explodes, Cuba will seem like a firecracker.

In Argentina, the seizure of power by the military under a thinly-disguised civilian regime completed the economic and political bankruptcy of the nation begun by Perón. Argentina has virtually ceased to be a monetary economy: it lives on IOU's. Tonight, in Buenos Aires there is no leadership—no political leadership, no economic leadership . . . not even military leadership. It is a governmental void. Like Banquo's ghost the *Peronistas* continue to haunt the stage. Nor has the end of this unhappy chapter been reached.

The military coup in Peru ripped the props from under the Alliance for Progress. The *Junta* functions in a political vacuum, provides a surface calm, and allows business-as-usual to flourish.

Venezuela is Dr. Castro's primary target. After his abject humiliation at the hands of the Russians, Dr. Castro must destroy Betancourt in order to redeem himself as Latin America's No. 1 revolutionary. If by its disruptive tactics the extreme left can succeed in creating a situation of anarchy which will force the Venezuelan military to take over, the Communists are poised in the wings prepared to take eventual control.

Still in prospect elsewhere on the continent are additional *golpes de estado* to preserve the status quo by politicians who wear the uniform of generals, or Nasser-like seizures of power by junior officers who want social reforms under a "directed democracy," with the military calling the shots.

In the coming election in Chile, for the first time in the Western Hemisphere we may witness a *democratically-elected* president who represents "the Marxist alternative."

From the Rio Grande to the Tierra del Fuego, where Argentina like a pointing finger reaches into the Atlantic waters rushing to join the Pacific, the continent is wracked by political violence, if not outright anarchy.

II

In one of the great tragic dramas of our time an entire continent is hemorrhaging from its internal economic and political wounds. For at least another generation, Latin America is bound to undergo a vast convulsion.

This is the context in which United States investments will have to be made, if they are made at all. Since many American companies have managed to get along for a good number of years in this environment of political turbulence, why at this late date, it may be asked, are they beginning to close up shop? Companies with long experience in Latin America are not leaving. A United Fruit in Central America or an Anaconda Copper in Chile might wish that it could take its cash and come home. But they can't. For all practical purposes they are frozen into their investments. Others have no intention of departing. Who is pulling out? Mainly, the newcomers to Latin America.

Paradoxically, investors from other countries do not appear to share the adverse reaction of United States capital to Latin America. Japanese businessmen are swarming over the hemisphere in search of deals. The West German Krupp empire finds Brazil's chaos and Argentina's political and economic bankruptcy promising soil for the future. Swedish, Italian, and French firms continue to probe for profitable investment opportunities.

The explanation for this continuing interest as against the American withdrawal lies, I suspect, in an emotional predisposition towards Latin America, and in long experience with foreign investments. Neither political instability nor the absence of certainty seems to worry the non-American entrepreneur. Moreover, he appears to have a greater capacity for environmental adaptation. In a word, the non-American investor has the knack of being able to live in the mouth of an active volcano.

III

Practical and dramatic solutions to the current crisis in capital require joint action by United States business *and* the United States government. It cannot be solved by government or business acting alone. Our inability to resolve this painful dilemma paralyzes effective action.

In part, the difficulty in reaching a rapport with the governmental administration is of our own doing—or, more precisely, our lack of doing. How often and when has the story been told of what United States business really looks like in Latin America?

Whatever may have been its historic shortcomings, United States business now in Latin America is not the "exploitive leech," the insensitive tool of "Yankee imperialism," which the Castro-Com-

munist propaganda would have the Latin American masses believe.

With its powerful thrust for expanding consumer markets, United States business now in Latin America is, in its own right, a revolutionary force. United States business is, in fact, the salesman for the revolution of rising demands. The hot dreams in the heads of Latin America's urban slum dwellers and middle groups are not stimulated by Karl Marx's *Das Kapital*, but by the shop windows bulging with refrigerators, ranges, and TV and radio sets. Indeed, American business makes Chairman Khrushchev look like a piker. History will record as one of the consummate ironies of our time that the grave digger of the feudal societies was the American business presence in Latin America.

Nevertheless, myths die hard. The image of a buccaneering, greedy, socially atrophied American business lingers on. In numerous layers of Washington officialdom there is little or no knowledge of the socially constructive and creative role being played by many United States companies in Latin America—Creole Petroleum Co.; Sears, Roebuck and Co.; Kaiser Industries; Deltec Corporation; International Basic Economy Corporation, to mention but a few. Scarcely a handful of the members of Congress have any knowledge of what a score of United States companies have accomplished to identify themselves genuinely with the aspirations of the people of Latin America—for instance: the Chase Manhattan Bank with its development of a cattle industry in Panama; or the Whirlpool Corporation, through its sponsorship of a Technical Institute at Medellín, Colombia, for the training of high school graduates in the disciplines of middle management.

There is no patent medicine which is guaranteed overnight to bring the business and governmental communities into an effective, working partnership. If joint action is not feasible, why can't that sector of the business community which is concerned over the plight of Latin America act on its own? Why not a Business *Alianza para el progreso*?

If American business is prepared to "roll its own" Alliance, there must be cleared away some of the underbrush which contributes to misunderstanding. As a first step, we should jettison the notion that there are no profits to be made in Latin America. There are—and will continue to be—profitable business opportunities in a number of Latin American countries, for it must be remembered that the fallacy of the statistical average lies in its concealment of the profitable individual investment.

American business can take advantage of these profitable opportunities if it will forego the will-o'-the-wisp pursuit of political stability as a condition for doing business. Political stability presupposes a static society. Latin America is a volatile, diverse, and changing society. It is a society powered by three revolutions all moving at the same time: an industrial revolution, an agrarian revolution, and a social revolution. In Latin America, the twentieth century is in headlong collision with the thirteenth.

As a second step, we might tear a page out of the book of our international competitors. How do they do it? The answer is: an ability to adapt. Actually, in adapting to a revolutionary environment, little more is required from United States business than that it do those things in Latin America which are accepted as a matter of course here at home: support of education, training of nationals for responsible supervisory and managerial positions; sharing of profits, bonafide collective bargaining, opening up stock ownership to the people of the country; in short, do those things which encourage a better standard of living and a better distribution of income, if for no other reason than the inability to sell to a poorhouse. We should be willing to share the benefits of our enlightenment not through motives of paternalism, but for the same reasons which prevail here at home: it makes good sense.

As a third step, the upper reaches of management in the United States must recognize that effective environmental adaptation requires some changes in mental attitudes on the part of some of the local managers in Latin America. Honorary membership in the Jockey Club ought not to transform an ordinarily decent American, with all of the instincts for democracy, into a Spanish grandee. Nor does it seem necessary in the exchange of the social amenities for the Good American to adopt the obsolete social and political philosophies of the Oligarchy.

IV

Latin America—as does the United States—has a mixed, private, and governmental economy, only more of it. Latin America intends to keep it that way. Latin Americans do not look with favor on the United States business representative who seeks to impose on his operation in Latin America a doctrinaire brand of United States capitalism which has long ceased to exist in the United States except as a myth invoked at the annual trade asso-

ciation banquets. While Adam Smith may be a saint before whom North American businessmen sentimentally genuflect, it is downright silly to attempt to include him in the already heavy roster of Latin America's celestial hierarchy.

At a time when the winds of nationalism are reaching gale proportions in some parts of Latin America, United States business needs a strong anchor to the windward. The wholly-owned subsidiary does not provide the requisite security. Probably no other aspect of United States business is more irritating to the scab of nationalism than the totality of control of the wholly-owned subsidiary. Nor is the irritant confined solely to Latin America's intellectuals and bureaucracy: it is shared by Latin America's businessmen. What Latin Americans resent—and not without justification—is the United States manager who cannot make decisions without first obtaining the approval of his home office. From any point of view this bespeaks a boy sent to do a man's job. From the Latin American view it smacks of economic colonialism.

In passing, it might be noted that this is not an idiosyncrasy of Latin Americans. The Canadians have expressed their version of "Yanqui-go-home" by their sensitivity to Canadian subsidiaries of American firms. Among the European Common Market countries the French, for instance, take exception to the wholly-owned United States company. Both the French governmental administration and the French business community believe that basic economic decisions laid down, say in New York or Detroit, may be inimical to the national investment objectives attained through joint government-industry planning.

In short, effective environmental adaptation requires that United States business become a Colombian, an Argentinian, a Brazilian company instead of being a foreign appendage of its American parent.

V

The key to successful environmental adaptation is the instinct for what makes other people tick. One of the truly great illusions of the American mind is the assumption that other people—meaning the "natives"—will react to our policies in the same way as we would react, if we stood in their bare feet. We might spare ourselves a good deal of frustration if we first took a look at the feet and then shaped our policies accordingly.

Successful adaptation necessitates abandonment of the American compulsion to play missionary to the world. It is a delusion to believe that there is a magic pill which will convert Latin America's shockingly mismanaged societies into neat replicas of the United States of America. Or, that the inherited Spanish passion for individualism and the dispersive nature of the Spanish character (unique in the Western world) can be transformed into the American obsession for collective action. Or, that there will soon be a change in the fatal Spanish characteristic of producing the perfect blueprint which is never put into operation. Latin Americans sometimes mock themselves with an old Spanish proverb: *Se obedece pero no se no se cumple!* (We obey but we do not fulfill!).

If United States business can stand a bit of mental house cleaning so, too, can Latin American business. If I am critical of Latin America's capitalists, it is, however, in the spirit of a friend who asks his colleagues to look again at the hands of the clock: they are now perilously close to midnight. Time is running out for all of us—the Alliance for Progress, Latin America's business élite, our own business leadership.

VI

The trouble with the Latin American capitalist is that he is a hundred years behind the times. Too many Latin American capitalists retain the mental baggage of an itinerant peddler: buy and sell quickly, always have your luggage packed for a fast getaway. He looks upon investment as a treasure to be plundered instead of an expectation to be nurtured. He has yet to recognize that the return on an investment must be reasonable, that profits must be ploughed back into the business and not siphoned off for safe-keeping abroad. If it is to be employed usefully, capital cannot be put into idle land because ownership of land is a status symbol or a hedge against inflation. He has yet to understand that payment of taxes to the state is not a form of feudal tribute—*tributo* and *tributario*, it might be recalled, are the Spanish equivalents for "taxes" and "taxpayer." As a footnote, I should add that throughout Latin America the very idea of handing over tax monies to government functionaries who would steal it is regarded as a grim jest, a peculiarly Yankee bit of humor.

The Latin American capitalist is not sufficiently aware that the

real security base of capitalism rests on the people's identification with and confidence in the capitalist system. Identification results from jobs, good wages. But this is not enough. More important is the feeling of confidence. Confidence exists when the workers themselves believe that the *patrón*—their own boss—is himself associated with social progress.

There is no future for Latin American capitalism if, in the eyes of the people, it is linked with a closed, feudal, aristocratic society. If Latin American capitalism is to be accepted, if it is to prosper, if it is to play a creative role in the development of the hemisphere, it must become the champion of an expanding and egalitarian society.

It would be a gross distortion of reality—a caricature—if the impression were left that all Latin American capitalists were part of a feudal backwash. Eugenio Mendoza and Gustavo Vollmer in Venezuela; and Klabin and Byington families in Brazil; Alberto Samper and Luis Echavarría in Colombia; Eugenio Heiremans in Chile; Francisco de Solo in El Salvador—these businessmen with others like themselves throughout the continent are members of that select company of men who are part of the mainstream of twentieth century capitalism.

One thing which the existing crisis in capital should make abundantly clear is that there is no holy writ which says United States capital *must* go to Latin America. *The plain truth of the matter is that United States investment capital does not need Latin America.*

The American economy still exerts the first claim on the competitive demands for the investment dollar. Most American companies are more deeply committed to supplying capital funds for product development and improvement, or in being associated with the glamour of a shot to the moon, than with the discovery of investment opportunities in Latin America.

Lenin's celebrated dictum—now a universal article of Communist faith—that finance-capital must invest in the underdeveloped lands because it has no other place to go simply does not hold water. The European Common Market—as was previously noted—has attracted almost as much new United States investment since the mid-fifties as our entire existing investment in Latin America. Today, to paraphrase from the *Communist Manifesto*, a specter is haunting communism—the specter of the European Common Market.

If Latin America really wants American private capital, its own

private capital has to stand up and be counted. It is immoral for Latin America's businessmen to expect United States business to assume the risks which they themselves are unwilling to take.

Latin America is not as capital poor as it would have us believe. There is now probably as much private Latin American capital squirreled away in New York, Paris, London, and Zurich as the Alliance for Progress proposes to export over the entire decade. Until this refugee capital is repatriated, we are just whistling in our teeth about a decade of development in Latin America.

In some major Latin American countries expatriated private capital may have exceeded the total amount of United States foreign aid. Nor can this vacuum conceivably be filled by foreign aid when it is recalled that many of the Latin American countries have sustained losses from the decline in commodity prices which are two or three times as great as the amounts supplied through public monies from the United States.

In recent months, some prominent United States and Latin American leaders have sought to dismiss the problem of flight capital or have defended its incidence. Dr. Felipe Herrera, President of the Inter-American Development Bank, believes that focusing attention on fugitive capital "harms the standing of the hemisphere abroad."

Do Latin America's leaders believe that it is politically realistic for the President of the United States to continue to ask his fellow citizens to help Latin America when Latin Americans themselves have so little confidence in their own countries? Do Latin America's leaders believe that it is politically realistic to expect the Congress to continue to appropriate tax monies for the benefit of Latin America when Latin Americans act like strangers in their own lands?

The vast majority of the American people are weary with the whole business of foreign aid. Nevertheless, Latin America holds a unique place in their affections. The American people will support their government's efforts to assist Latin America with greater generosity than for any of the other poor lands of the world.

One guaranteed way by which to make Americans indifferent to Latin America's fate is for Latin America's leaders to tell us that the migration of capital is a mere peccadillo which we ought not to take seriously.

Private capitalism as a competing system with the state capitalism

of the Soviet Union (for that is essentially what Soviet Communism is) cannot take itself for granted, least of all in a transitional society. In Latin America, especially, private capitalism has to justify itself, for it is on trial. It has to provide tangible evidence that it can produce more at lower prices and that its cumulative impact is good for the country and for the people.

Ask any baker's dozen of ordinary Latin Americans whom you might encounter on the streets of Mexico City, Lima, São Paulo, Buenos Aires, or any of the other urban conglomerations in Latin America, what they think of the capitalist system in their country. The answer will be a loud and resounding Bronx raspberry. The reason is not hard to find: Latin American capitalism simply has not delivered for the masses. And the propaganda of the extreme left never lets up in driving home this fact.

A classic illustration of the point is the Mexican industrialization. A mixed bag of public and private investment, it has by all odds been spectacular. Between 1945 and 1957, Mexico doubled its Gross National Product. No other Latin American country during the same period was able to achieve that record. In this same period per capita production increased 44 per cent. In the United States it was 6.5 per cent.

Yet with this remarkable rate of growth the Mexican people are not any better off than they were fifteen years ago. A report of the United States Department of Commerce states: "There appears to have been a considerable increase in the real per capita income since 1939. However, most of the increase was in the form of commercial and industrial profits, and large sectors of the population apparently derived little if any benefit from the enlarged national product."

The Mexican economist Manuel Germán Parra finds a greater inequality in the distribution of income in 1955 than in 1940. He comments that, ironically after forty-five years of struggle for social justice by the Mexican Revolution, the distribution of income in Mexico is so lopsided as to make the most conservative British or United States capitalist blush.

If the Mexico of Don Adolfo López Mateos is a far cry from the Mexico of Don Porfirio Díaz (when it was "the mother of foreigners and the stepmother of Mexicans") there is, nevertheless, a deadly parallel. Don Porfirio's *científicos* (that brilliant group of young lawyers and economists who worshipped at the shrine of Progress and ruled as benevolent despots) have been replaced after

twenty years of industrialization by *revolucionarios adinerados*—rich revolutionaries—who have siphoned off the lion's share of the increase in national income. *Qué revolución! Qué adelanto!* (Some revolution! Some progress!)

VII

Since that fateful evening in late October when President Kennedy informed the world of America's determination to counter the Soviet missile thrust into the Western Hemisphere there has been discernible in Latin America a new climate, a different *ambiente*.

American diplomacy had exerted itself—decisively, massively, and masterly. Latin America was eager to follow—and it did. Overnight, as it were, the turgid atmosphere full of recriminations and bickerings, which had hung over the continent, has been replaced by a clear sky.

Dr. Castro is discredited as a social revolutionary. Today, he is revealed as a paranoiac incendiary—an exporter of terror and destruction. His erstwhile admirers are disenchanted by the confirmation of Cuba's status as a Soviet lackey—a lackey, moreover, which threatened to engulf the entire continent with a stockpile of Soviet missiles. After almost \$1 billion in economic aid from the Soviet bloc, Cuba is a failure as a Communist showcase.

New opportunities beckon for American diplomacy and for American business. May not this be the beginning of a new dawn for United States investments in Latin America? May not this be the decisive hour for United States business leadership to lead? Are not the tides right for the launching of a Business Alliance for Progress?

The embryonic Central American Common Market offers an unparalleled opportunity for United States business leadership to make a spectacular contribution to modernization. It can do this by organizing a series of mixed private-and-governmental ventures to supply capital and consumer goods for a potentially viable regional economy. West European, Canadian, United States, Japanese, and Central American capital (both private and governmental) could be mobilized.

Perhaps the most significant and far-reaching contribution—for both the immediate Common Market undertaking and for the future of United States investments throughout Latin America—

would be for the coventurers to propose to and negotiate with the Central American Common Market Authority a Charter of the Rights, Duties, and Obligations of the Investors and of the respective governments.

The charter could spell out, among other things, that this international consortium did not intend to preserve its investment over the indefinite future; and that its financial stake could be bought out by local investors or governmental bodies. It could be made crystal clear that the whole sweep of the idea was to light the fuse, to detonate an explosion of economic growth—and *then get out*.

What is good for the Central American Common Market can also be good for the larger Latin American Free Trade Association (LAFTA). Latin America's best hope for economic progress lies in the early development of these two regional markets.

In a world divided into enormous trading blocs, unless Latin America's fragmented economies are regionally integrated, they are doomed to permanent stagnation.

It cannot be emphasized too often that for its own psychological sake and for its own political future, Latin America must think and act as a continent. A century and a half of Balkanization is enough!

Latin America's forced-draft industrialization has of necessity created artificial, hothouse industries. They are sustained by their ability to exact high prices for their products. Their underpinning depends upon protective tariffs and other import restrictions. Much of Latin America's industry would collapse at the first hot breath of technological and price competition—the missing ingredients in Latin America's economy.

Regional integration now offers the unique opportunity for industrial rationalization. Regional integration can provide the elbow room for North American, European, and Japanese technology, distribution skills, and consumer financing to accelerate economic growth. This can be accomplished initially by reorganizing and consolidating those existing enterprises whose technology is largely obsolete, whose handling of materials is costly and wasteful and whose business efficiency leaves much to be desired.

The experience of the United States' common market and the emergent European Common Market demonstrates that the small unit cannot compete effectively. Big consumer markets require big businesses with strong engineering, manufacturing, and financial resources.

The business élite of Latin America have to make a choice: either they will remain as big frogs in small ponds—very rich frogs, I might add, but not to be taken seriously in the Industrial North. Or, they can begin to think and act like centers of industrial power, to be accepted as peers among peers by the industrial power centers of the North.

If Latin America expects to become an industrial power, its industries will have to compete in the world markets. In these markets, Latin American business can compete successfully only through large industrial complexes.

The sweep of history may bypass LAFTA if it fritters away a decade on conventional tariff jockeying to the neglect of regional consolidation and merger of industries; *and if it fails to supply imaginatively conceived regional mechanisms to support economic integration.*

I venture to suggest that there may never again be present a more propitious moment for the LAFTA countries to re-evaluate whether its regional structure may not be too unwieldy, and whether initially a more simplified series of regional groupings would not be more manageable for trade and political administration.

Latin America is at an historic moment of truth: unless its governing and business élite heed Macauley's injunction to reform if you would preserve, they might just as well sign their own death warrants. For comes *the* revolution there will be precious few of this class who will hold a safe-conduct pass.

A democratic capitalism, which is part of the mainstream of the twentieth century, can strike a lethal blow at Latin America's real enemy: the people's lack of hope and the bitter despair which consumes their hearts. A twentieth-century democratic capitalism can offer to the people of Latin America an alternative beyond the capabilities of Marxism: *a stake in the future under freedom.* If a revitalized Alliance for Progress and the hemisphere's enlightened business leaders will now act with reassuring swiftness, it could be the beginning of a new era in the New World.



Armando Branger: VENEZUELAN BUSINESS AND
THE BUSINESSMEN

ON BEHALF OF THE Federation of Chambers and Associations of Commerce and Production, I would like to say that it is an honor and a privilege to participate in this conference as representative of our organization. The Fedecam, as we call it in Venezuela, is pledged to the principles of private enterprise, but at the same time it recognizes that there are certain basic functions in the shaping of the economy of a developing country that can be carried out only by government.

Consequently, Fedecam welcomes the opportunity to take part in this discussion where the points of view of both private enterprise and the state are set forth. It is our belief that such free exchanges of opinions can lead to greater mutual understanding and lay the foundations for fruitful cooperation in the common task that lies ahead of us.

I

We businessmen do not believe that there are two completely different and mutually exclusive classes of men in Venezuela, that is to say, on the one hand, a group dedicated to the material and spiritual advancement of all Venezuelans, and, on the other, a self-centered group concerned only with the protection and aggrandizement of its own vested interests. Like any other Venezuelans, we businessmen are vitally interested in the nation's welfare—its spirit, its essence, and its substance—and we also share the urgent feeling

of the need for improvement and for contributing the best of our ability and skills to the country's progress.

Because of this feeling, we cannot regard with indifference the belief that we are completely and exclusively given over to our own interests, while the love of country and concern for the welfare of its inhabitants are the sole concern of others. The farm entrepreneur, who knows agriculture's instability at first hand; the industrialist, who applies all his skills to creative effort; the banker, who bends his effort to increasing the volume of financial resources which are the life blood of the economy; the merchant, who seeks everlastingly to improve his services; and the contribution of the trade associations of businessmen toward solution of national problems—all these men and organizations render a labor that is just as important to the country as that of the politicians, workers, scientists, educators, and intellectuals.

The fundamental importance of the businessman's contribution is placed in clear perspective by the entity which coordinates it, the Federation of Chambers. Our organization directs its permanent effort into constructive channels. Our work programs deal with the over-all aspects of the economy. We seek to give our activities a unified nature, designed to foster in the businessman the recognition of his responsibility as a member of the community and of his obligation to cooperate with other groups in the solution of the country's problems. Thus, the agenda for our annual meetings regularly feature questions of major importance such as the direction our economic growth is to take, the subject of industrial development, agricultural development, the improvement of business and services, and the perfection of government operations with respect to economic policy, financial measures, and administrative structure.

Discussion of the trend of Venezuela's economic development becomes inevitable for those of us who are concerned with its future, in view of the adverse experience of recent years. We feel it is significant, for example, that two years after the economic recession set in, we are still arguing about its causes.

There can be no doubt that the most important single factor in this situation has been the general ignorance, following the overthrow of the previous regime, of the true situation of our public finances, of the true economy of production, and of monetary policy, an ignorance which obviously prevented the adoption of effective solutions.

II

The approach to economic problems in Venezuela has been that of trial and error in both the public and the private sector; a method which, by its nature, leads only to superficial and very costly results. The proper alternative would have been to analyze events objectively, with valid economic criteria and with no preconceived prejudices and, on the basis of a complete examination of the facts, to take effective steps to organize the economy.

In Venezuela, we have become engrossed in a sterile discussion from which we have yet to emerge. There is one school of economic thought which holds that the troubles of our economy arise from its structure, from the fact that 20 per cent of national income, 28 per cent of the GNP, 60 percent of government revenues, and 90 per cent of foreign exchange come from one industry alone. This situation demonstrates the monoproducer nature of the economy as well as our high degree of dependence on imports. It also increases our economic vulnerability, since the operation and stability of the economy depend on the degree to which we can maintain our foreign transactions satisfactorily, not only in terms of trade but also in the movement of capital.

In support of this thesis, its advocates point out that during the last decade the balance of our trade in tangible goods and services has been consistently unfavorable and that this has been compensated for only by a consistently favorable balance in capital movement. It is maintained that the country has consumed more than it produced and that it has been possible to boast a favorable balance in our foreign commercial relations only because of increased foreign investment.

The second school of thought holds that Venezuela's problem is not structural, but due to passing circumstances. This school states that all developing countries must supplement their own savings by foreign capital in order to provide sufficient resources to expand production and to achieve a satisfactory level of economic independence for future growth. Because of this, it is further held, in this type of economy the imbalance in trade and services cannot be interpreted basically as a structural deficiency, unless the difference is so great that over the long term it is impossible to achieve the compensatory mechanism which will avoid the danger of jeopardizing national sovereignty. The advocates of this thesis contend that Venezuela's economic situation in recent years can be reduced

to a simple temporary imbalance due to the decline in the favorable capital movement balance.

The analysis of the two postulates leads to the conclusion that both are partially correct. Venezuela's economic problem is structural in the sense that the nation's productive capacity must be diversified and expanded as the only means of solving the complex of social evils arising from growing unemployment. This, of course, would lessen our foreign dependence and would tend to improve the balance between our economy and those of other countries. But, Venezuela's problem is due also to temporary circumstances in the sense that a whole complex of political, labor, social, and administrative factors, plus the ramifications of current hemispheric conditions, have made their influence felt, leading to an erosion of confidence in business prospects, a decrease in the inflow of capital, and a corresponding increase in capital flight.

This analysis, which attributes the economic recession of recent years partially to the structural factor and partially to temporary circumstances, states the problem in the following terms: the vigor and strength of Venezuela's economy are in direct ratio to the success of the effort to correct the monoproducer nature of the economy through diversification and geographic expansion of economic activities. This process, in turn, is in direct ratio to the degree of fiscal and exchange stability, which is essential to growth in the volume and variety of economic activity. Without stability, economic development is slow and may even come to a halt.

We believe that most of those who give careful thought to the trend of our economic development will accept this eclectic position, even if giving more emphasis to one factor than another. There is much greater difference of opinion on the economic strategy that should be followed for the optimum employment of the resources of the economy toward the desired goal of development.

There is a substantial body of thought in Venezuela favoring state economic interventionism. No one would deny, in absolute terms, either the right or the obligation of the state to intervene temporarily in certain specific areas. By the same token, it is inadmissible that, in the name of that right and duty, the whole fabric of our decentralized economy of capitalist type should be disjointed, for the economy is based on private control of the means of production and the principal sustenance of the economy comes from production united under that control. The advocates of all-out state intervention do not seek moderate and judicious govern-

ment participation, but the establishment of centralized economic power which, in the long term, will destroy the existing economic order and replace it with a socialist system.

The advocacy of this theory by certain political groups in Venezuela is a matter of deep concern for business. There is an indifference, indeed, almost outright hostility, to private initiative and its efforts to increase national income and wealth. This sector makes unfounded accusations against business and increasingly demands official intervention in private enterprise operations.

As we all know, Venezuela's economy enjoys a high annual growth rate. During the last decade, the GNP has grown at a rate of more than 80 per cent, an exceptional rate for countries with an economic structure like ours. However, this development has been inadequate to meet the employment needs of a population which is also growing rapidly. The country faces the problems of extensive unemployment in its cities, of a large proportion of the population engaged in occupations of very low productivity, and of the fact that 80,000 youths enter the work force each year, looking for their first jobs.

This problem of the lack of job opportunities is becoming steadily worse because of insufficient economic development. The fundamental problem of Venezuela's economy is to maintain and increase the high growth rate of GNP and at the same time create the conditions necessary for uniform growth in all sectors of economic activity so that each will complement the other and make possible sustained growth of the economy as a whole.

We need development in which manufacturing will become an integrating force; in which agriculture will raise its efficiency and productivity, guaranteeing greater per capita income in that sector and lifting great masses of impoverished peasants out of the misery of underconsumption; in which business activity in general will improve its specific functions of distribution; in which all the latent resources of our great natural wealth will be utilized for domestic consumption and for export; which will guarantee stability in foreign payments so we can import the goods needed to renovate and expand our plant and equipment; which will take maximum advantage of the wealth generated by the oil industry—in sum, a diversified and integral development that will provide employment for all and that will meet adequately the growing demands of the future.

This development will not come to us on the basis of philosophic

speculation and incessant political strife. Development comes only from the surplus of production over consumption. This surplus increases in importance as production volume grows, and the only way of insuring a high level of production is through sustained effort and disciplined application on the part of labor and management. No case is known of a country that prospered solely on the basis of ideological abstractions. Ideas serve as a means of guidance, but they are not ends in themselves. The time has come for us to speak less and do more in Venezuela, and when we turn our minds to thinking, we should not conduct the exercise in the rigidly controlled channels established by ironbound ideologies, but in such a way as to determine what is indispensable for a climate of understanding in which we can all develop our creative ability in behalf of national development.

III

Much has been said in recent years of the extraordinary concentration of wealth and of the need to change this situation. Toward this end, some people have demanded increasing state intervention to the prejudice of private enterprise. Others have proposed a wide variety of measures, designed, in their own words, to take away from those that have and to give to those that have not. In Venezuela, as in any country, an effort must be made to insure that the income from economic activity is spread to all areas of the country. But in the pursuit of this equitable distribution of income we must not confuse the whole with its parts. In a decentralized economy where the productive function is carried out principally by private enterprise, the only way of obtaining adequate income is through creation of the facilities which permit those enterprises to prosper so that they can guarantee employment and provide a greater volume of goods and services to the consuming public.

When one speaks of the need of economic growth, one is saying implicitly that it is essential to expand the means of production which, taken together, constitute the capital base of the nation. If this capital base were to be distributed among the entire population, each one would receive a portion so small that it would do almost nothing to meet his individual needs. Rather than distribution, it is a question of creation of new wealth which will generate income; this, in turn, as it is distributed through the market mechanism, will give purchasing power to the maximum number of Venezuelans. In terms of number of activities and geo-

graphic extension, the thesis of economic growth and diversification means simply the expansion of the sources of generation and distribution of income.

In the same order of ideas, the frequent claim that the economic role of the state should be strengthened in detriment to private enterprise does not stand up to economic analysis, and can be justified only on the grounds of substituting socialism for our present system. The Venezuelan government, like the "coordinating entity" of any country, must concern itself with the development of many general services which are essential to economic growth and which, because of their nature, cannot be undertaken by private enterprise. Among these services are: the creation of the social overhead capital (infrastructure) indispensable for economic development, such as highways, ports, airports, public health buildings, schools, communications facilities, irrigation, etc. The state must develop programs designed to improve the attitudes and productivity of the people, through education and training; it must concern itself with public health through improvement of environment and preventive and curative medicine. In short, the state has a wide variety of functions which demand its permanent attention and which are numerous enough to absorb its total administrative and financial resources. Any rational program of work distribution must reserve the productive function to the entity best equipped to handle it, which is private enterprise.

In line with this thinking, the state should intervene in economic activity only in cases where it is absolutely necessary to introduce improvements in production, distribution, and consumption relationships to eliminate obstacles that jeopardize the progress of private initiative. When it does intervene, the state should not become a monopoly which hampers the free enterprise principle and which, by its nature, gives rise to inefficiency and becomes a bottomless hole into which public funds are poured.

We have in Venezuela a state-owned steel plant and petrochemical industry whose avowed purpose is to utilize the country's basic raw materials, reduce our dependence on foreign countries, foster the development of industries using the materials, and avoid a private monopoly which might compromise productive activity in these fields. Without going into the soundness of these reasons, we would point out that the magnitude of the resources involved and the great possibilities of their proper utilization raise a vexing question as to their optimum yield.

For many years Venezuela has been one of the principal oil and iron ore exporting countries of the world. In Latin America and in other areas, a strong effort is being made today to develop steel and petrochemical industries. If we do not step up our efforts to industrialize these raw materials, we will be condemning the country to the role of simple raw material supplier and eliminating it from the more attractive processing field. In other words, we will be exporting to other countries the means of development when we hand over to them our raw materials, in detriment to our own progress. This brings us to the question of the need for stimulating the progress of this industrialization, which demands a large volume of capital. Given these facts, the following questions arise: Are we aware of the responsibilities inherent in this situation? Is the government by itself in a position to take on this tremendous job in view of the urgent development needs of other sectors of national life? The answer is: No. This requires that we give very careful thought to the need for some sort of combination of public and private action which, without jeopardizing national sovereignty, will make the development of the industrial complexes in these two resources feasible in the necessary magnitude and variety.

IV

Turning to another area, the world is witnessing the emergence of economic blocs, made up of countries that coordinate their production on the basis of the principle of division of labor and large-scale economic operations. These blocs are prospering not only because of strictly economic but because of ideological defense and material security reasons as well. The idea is taking hold in Latin America, and although Venezuela has remained aloof to the present, economic factors and simple geography eventually will draw us in. Consequently, when we talk of national economic development, we must bear in mind the demands that are implicit in the process of economic integration of the region to which we belong because of geography, history, and political defense.

As is known, there are two economic systems in the world with clearly defined attributes of spirit, essence, and substance. One of these is the decentralized kind in which economic activity is carried on through private enterprise whose basic aim is to produce efficiently in order to raise the living standard of those who participate in productive activity. In this respect, the virtue of the capi-

talist system is in direct ratio to the businessman's ability to improve his operation; he is the one who has the strategic function of combining the factors of production according to his plan, the state of technology, and the organization of the market. He also distributes the profit among those who possess the factors of production: capital, land, labor, and management. When he exercises his function properly, the businessman decides what to produce, how much to produce, and how to produce to satisfy the demands of the market.

The comprehension of these facts requires one to point out that the progress of a country is linked directly to the ability of its businessmen; this places on them the obligation of developing a conscientious desire to excel and to improve ceaselessly. They must be fully aware that both the material goods they handle and their own managerial skill must fulfill a social role, in the sense of rational utilization of their production resources so as to obtain the highest possible level of production which is converted ultimately into a better standard of living for the entire community. However, that responsibility exists only to the point where factors alien to the economic system intrude and disrupt the functioning of free enterprise in the market economy. The shortcomings of Venezuela's economy are the result of frequent interferences with the mechanism and basic factors of the economic system and the laws that govern it, rather than poor management by businessmen.

V

Venezuela is a young country with a fortunate history. During the past century, the country underwent a profound social revolution which left as part of its heritage a deep feeling of equalitarianism among her people.

Our oil development has provided a very large quantity of economic resources in a very short time. This has made possible a pattern of distribution of wealth among a large number of small businessmen. Venezuela is not faced with the problem of an all-absorbing oligarchy; she does have, on the contrary, a large nucleus of businessmen, equipped with a liberal and alert point of view.

Venezuela has an over-all business organization which embraces all business activities, even though there are conflicting interests among many of them. The liberal background of her businessmen has made this possible because, by their social background and

historic legacy, they think as members of a community and not as cogs in a machine.

The prevalence of this liberal point of view is reflected in the action of Venezuela's business organizations, which make up the membership of the Fedecam. They participate in and sponsor meetings which bring the business man into direct contact with other sectors of our national life—educational, scientific, cultural, and professional. These meetings provide a means of bringing the business community together with other groups that are essential factors in the growth and development of Venezuela.

By the same token, members of our board of directors have taken part in working committees that grapple with national problems. The board also makes known its position, which reflects the point of view of the membership, on all public issues through carefully documented public statements. This sustained task of formulating basic principles, the constant reiteration of these principles, our presence in the sense of vigilance on public issues and the defense of the interests of the business community within the framework of the higher interests of the nation, these are the chief functions of our organization.

Gustavo J. Vollmer: THE ROLE OF THE PRIVATE
VENEZUELAN INVESTOR

I SHOULD LIKE to approach this subject in terms of the investor's attitude towards the economic and social problems that arise from the process of development, and I feel that it will be interesting for you to know some of the questions which we are asking ourselves in this respect. Let me begin by reviewing some of the broader aspects of Venezuela's economic past, to determine its effects on our attitudes and reactions.

I

From colonial times until the 1930's, the economy of Venezuela was predominantly agricultural. Even at the end of that decade, 65 per cent¹ of the population was rural. Throughout this long period, the investor operated basically in the field of agriculture, and his role was limited to the sphere of traditional estate management. In the cities, economic activity was essentially commercial, but even this was primitive in its methods. The tools of a dynamic economy were not available, and the efforts made in the industrial sector were akin to handicraft.

The economic transformation of the country started during World War II at the time that the petroleum industry acquired an enormous preponderance in the economy of Venezuela. In this period new factories sprang up—cement, sugar, textiles, food in-

1. National Census for 1940.

dustries, rubber—and new horizons opened up to the entrepreneur—horizons which no longer permitted a passive attitude towards investment. The successful operation of the new factories required daily contact with modern techniques—automation, modern machinery, technical skills, and production planning. However, industrialists were not the only type of investors to develop from the petroleum boom. The resources generated by oil produced an unprecedented increase in other fields of activity—commerce, construction, and financial operations. Entrepreneurs in these fields soon geared their thinking in terms of investments of extremely rapid turnover and high yields.

These changes in the economic life of the country were accompanied by changes in other aspects of the country as well. Cities mushroomed and were remodeled, and closer contact with the high living standards of more developed countries led to desires for similar advantages.

II

The start of the petroleum age in Venezuela manifested itself in a tremendous shakeup in the economic basis of the nation. Foreign capital built up a highly efficient oil industry in Venezuela, endowed with the most modern equipment and advanced techniques, and thus placed one of the world's most productive activities in the midst of a slow-moving rural economy. This situation was to have a profound influence on the economic and social development of the country.

The effect of the enormous productivity of the petroleum industry on the rest of the economy was very limited. On the other hand, the availability of foreign exchange produced by petroleum did reach the entire economy and, as a result, the different productive sectors were free to expand and develop without due consideration to what generally is one of the most important problems of developing countries: the lack of hard currency. This caused Venezuela's capacity to import to grow much more rapidly than employment opportunities and the internal market. In the period 1950-59, the capacity to import rose 136 per cent while employment increased only 37 per cent.²

Thus a serious imbalance in the national economy appeared:

2. Annual reports of the Central Bank of Venezuela, 1950-1959.

the increasing availability of foreign exchange could not be adequately used due to the limitations of the internal market. The natural result was that the purchasing power of the bolívar was greater abroad than at home. In addition, this external overvaluation resulted in Venezuelan salaries (in terms of money) exceeding those of countries with high levels of productivity. Goods produced in these countries had a favorable competitive edge in the Venezuelan market and national consumption became oriented towards imported goods. Our consumers demanded and could afford to pay for the best quality and the most modern and varied products available in the great industrial centers of the world.

This dependence on imports was a serious obstacle to the industrial development of the country. Local manufacturers could compete only when the national industry was adequately protected, which meant high customs duties, import licenses, and quotas. Widespread adoption of these measures, however, has been limited to the last few years, mainly prompted by the drastic reductions of our gold and dollar reserves.

The benefits from the exploitation of oil were translated into ever-increasing income for the national treasury since, under laws dating from colonial times, the state is the owner of the subsoil and, consequently, the direct recipient of the revenue derived from it. For this reason the state has come to be the largest and most important investor in the country, influencing and molding economic activity according to the channels through which it directs public investment.

It should be noted that an important part of this income has been used by the government in infrastructure projects which have provided the country with a sound basic investment, principally in power and public highways.

III

As a result of the political changes in 1958, the financial situation of the country was reassessed, and it became evident that the previous government had acquired enormous obligations which were not included in the budgets and were unknown to the public, and in fact, even to the Treasury itself. The difficulties in balancing the budget and the adverse position of the balance of payments made it necessary to adopt new financial measures, including an alteration of the currency's exchange rate. The bolívar-dollar rate which had

been stable at 3.35 for 20 years rose to 4.54, and with very few exceptions all imports are now made at 4.54 bolivars per dollar.

While it is true that this measure has created some disorder in Venezuelan financial circles, the new exchange rate is providing a significant stimulus for domestic production by enabling Venezuelan goods to be more competitive through the elimination of what was in effect an import subsidy.

It is important to note that the 35 per cent increase in the exchange rate has not produced a significant increase in internal prices. From November, 1960, when the first exchange control became effective, until July, 1962, the general wholesale price index rose only 7 per cent which is undoubtedly moderate, especially when compared to the tendency of the price indices in other Latin American countries.³

These are some of the conditions which have created the present economic structure of Venezuela. The rapid growth which the country has experienced produced such extreme contrasts that, in truth, we should speak of "The Venezuelas." Side by side with an industry which uses electronic computers to control production there exists an agriculture in which even the proper use of fertilizers is often unknown. The productive picture presents inconsistencies. For example, while the petroleum industry employs only 2 per cent of the labor force to produce a quarter of the national income, 43 per cent of the population is engaged in agriculture producing only one tenth of that income.⁴

Although the average annual per capita income is \$800,⁵ at least a third of the population does not have sufficient means to form part of the consuming market. While the Gross National Product exceeds \$6 billion, the productive activities cannot employ the available labor force, and unemployment has reached 13.6 per cent.⁶ Besides this, it is estimated that over the next ten years the country must provide new employment opportunities for 70,000 additional workers every year⁷ due to the population growth, now at the rate of 3½ per cent per annum.

The net result of these inconsistencies in the Venezuelan econ-

3. 1961 Annual report of the Central Bank of Venezuela; Monthly bulletins of the Central Bank for 1962; and United Nations Statistical Yearbook, 1961.

4. Annual report of the Central Bank of Venezuela, 1961.

5. *Idem.*

6. Office of Planning and Coordination of the Presidency of the Republic.

7. *Idem.*

omy has been social unrest which shows up in the form of political pressure. Low levels of education, housing, and sanitation, and a general suspicion of the ability of the capitalistic system to solve these problems have aggravated this condition.

IV

This then is the situation which confronts the Venezuelan investor: a nation ready for intensive industrial development; a nation rich in basic natural resources—oil, iron ore, hydroelectric power, and fertile soil; a labor force that *must* be employed; a transient balance of payments problem which has caused a realistic devaluation favoring local industry; this picture is highly attractive economically. To invest in Venezuela today means to become associated with a new and growing economy with multiple opportunities. Investing in Venezuela means taking advantage of the protection being offered to local industry; it means counting on the backing of a national product which represents 11.6 per cent of the value of all goods and services produced in Latin America;⁸ it means investing in a market which will grow rapidly as a result not only of the population increase, but also of the incorporation of low income groups into the consumer market.

No investor, however, can ignore that the existence of social problems is a threat to the safety of investment and that only to the extent that the wide differences in standards of living are overcome, will stability be added to the purely financial attraction of investment. Awareness of this problem makes one thing imperative: private investment must proceed along the lines which, while providing an adequate rate of return, will at the same time contribute to the solution of the social problems of the nation.

The investor must never forget that his basic function of making capital grow is inseparably tied to the social improvement of the nation. He must always be aware of his obligation to raise the living standards of his workers, to employ his capital for the maximum good of the greatest number of his fellow citizens, to think in terms of more equal distribution of wealth. To accomplish these objectives, the Venezuelan investor must do everything in his power to increase the capital available for development,

8. On the basis of calculations made from statistics presented by the Organization of American States, in its report on the Economic and Social Conditions in Latin America for 1961.

foster the extension of education, and take a leading part in awakening the people to the obligations of the individual in a democracy.

This situation presents a challenge to the capacity, the energy, and the vision of the Venezuelan investor—a challenge made all the more difficult by the fact that the Venezuelan government plays a predominant role in the economic life of the country.

It is necessary, then, that the Venezuelan investor have a clear and precise understanding of today's situation so that he may play a positive role in the economic orientation and development of the country. If previously we limited ourselves to contributing to the expansion of the economy, now we must be determined to influence this expansion. If previously we limited ourselves to understanding social problems, now we must make it our business to see that schools, hospitals, roads, sanitation, and housing are improved. If previously we were content to employ gainfully our available capital, now we must expand our local capital markets and seek out joint ventures to bring new foreign capital into the industrial development of the country.

In an economy where the principal source of capital is the national government, the obligation to promote and defend the free enterprise system falls squarely on the private investor. If he is convinced, as I am, that this system is the only road to dynamic economic development which at the same time combines freedom of opportunity with justice and stability, he must use all his efforts to provide working examples of his convictions.

The challenging role of the Venezuelan investor is part capitalist, part social worker, part crusader, part educator. I invite foreign investors to join us in bringing about the resounding triumph of free enterprise in Venezuela. Let us meet the challenge together.



John F. Gallagher: THE ROLE OF PRIVATE FOREIGN
INVESTMENT

THE IMPORTANCE of the familiar—those aspects of our existence that are frequently seen in our daily activities—is often overlooked or deprecated as we face the pressure of the problem-solving in our responsibilities for “making a living.”

As a retail merchant, I have often walked through stores, seeing colors and fabrics and signs, gathering impressions. But, if I were really to see what was behind the impressions, I would have to *stop* and *look* and *think* and try to *understand*.

So, in the knowledge that much of what I am going to say is “old news” to many of you, but with the belief that there is great value in occasionally reviewing facts and circumstances, I should like to mention some of the details of what foreign investment is, what it has done, and what it is doing in Venezuela as I understand it based on my several years of living and working in this great country.

I

At the Punta del Este meeting, Venezuela and the other member nations of the Organization of American States pledged themselves “to stimulate private enterprise in order to encourage the development of Latin American countries at a rate which will help them to provide jobs for their growing populations, to eliminate unemployment, and to take their place among the modern industrialized nations of the world.”

It was prescribed at that meeting that national development programs should incorporate the "promotion through appropriate measures of conditions that will encourage the flow of investments and help to increase the capital resources of participating countries."

In Venezuela, as in other developing countries, there are more things to do than there is money to do them with. Money carries a price tag—it is a commodity. It goes where it is most needed, where it is welcomed, and where the returns are the greatest. Money has to be paid for. Government loans, a frequently considered source of capital, must be paid for in interest charges and in the eventual repatriation of the entire capital. These loans are frequently considered to have political implications. Private bond issues and direct loans from financial institutions are another important source of capital. This type of capital also must be repaid in full and carries interest charges. In addition, such funds usually can be obtained only when substantial collateral is offered as security.

The only kind of money with which I am familiar that does not require interest payments, regardless of the profitability of the enterprise, and that remains where it has been sent on a permanent basis, is risk or venture capital. Much of the economic growth of Venezuela has been as a direct result of foreign risk capital, largely originating in the United States, that has entered the country during the past forty years. It is difficult to visualize how Venezuela could be producing and selling more than 3 million barrels of oil per day if it had not been for the extremely large amounts of risk capital invested in that country by the international oil companies. And it would be equally difficult to understand how more than 15 million tons of iron ore per year could be mined and marketed, or to believe that industrial and commercial development could have reached its present stage, with more than 300 United States companies actively operating in the country, if it had not been for this large capital investment.

Much has been said recently about joint ventures. I am sure that they are desirable for the investment of risk capital. It would certainly be undesirable, however, to insist on this type of investment procedure to the point where it would inhibit the flow of new investments. The basic objective, of course, is to obtain and to use to the maximum degree the risk capital available, whether it be foreign or national.

II

One of the best long-range methods of obtaining capital is through savings. In this respect, you may be interested in the success that Sears has had in introducing its savings and profit-sharing pension program in Venezuela. The plan was started in February, 1953, with the participation of all eligible employees. The members of the fund, as of July 31, 1962, had deposited a total of Bs.2,383,751, representing deductions from their salaries. The company's contributions (a percentage of net profits) in these nine years have amounted to Bs.4,434,965. The money from the fund has been invested primarily in the stock of Sears Roebuck de Venezuela. As a result, the Venezuelan employees of the company, through the plan, now own 15 per cent of the stock of Sears de Venezuela. The net worth of the plan is Bs.8,206,448, which is three and one-half times the amount contributed by our employees. The profit sharing and the stock ownership permit each member of the plan to participate in the growth of the company. Some of the members have already accumulated approximately Bs.80,000 in their accounts. I mentioned earlier that the OAS countries agreed in Punta del Este that it was necessary to "provide jobs for their growing populations." I mention this again at this time because I sometimes think that we all too frequently think of capital as necessary to buy some land, or machinery, but do not remember that it is really needed to provide the "jobs for people."

Sears doesn't require as much capital, perhaps, as many other types of business do, in the relationship of capital invested to workers employed. However, for each person employed in Venezuela, Sears had first to invest \$11,245 (Bs.51,052).

Of equal or perhaps even greater importance to Venezuela than money has been the contribution of private foreign investment in the form of business organization, systems, procedures, techniques, patents, and the continuing research that has made the company successful in other countries. Sears, for example, has been able to reduce the cost of distributing merchandise in Venezuela by employing the selling techniques common in our United States stores, such as fixed prices, direct customer sales contact outside the store, cash handling by sales personnel, and extension of consumer credit. The technique employed in the United States of evaluating performance by measuring sales per square foot of floor area utilized, of personal sales in relation to payroll, of sales in ratio to adver-

tising, serves as adequate means for establishing successful standards of performance in Venezuela. The effective application of these simple systems and techniques by Sears and their acceptance by others has resulted in the establishment in Venezuela of a new and respected profession—that of the retail salesman and the retail executive.

This introduction of new techniques also often occurs in fields outside the one in which the company has the most direct interest. For example, Sears first placed an order in 1952 with a small company in Caracas for some men's underwear. At that time, the owner, his wife, her brother, and seven other employees were making underwear on seven machines. The buyer was satisfied with the quality of the product and the character of the owner. As a result, he began to give guidance to the manufacturer in the creation of new styling; he advised him on methods to be used and improved quality control. Arrangements were made, with Sears' assistance, for extension of credit terms to the manufacturer from banks and at the source of his raw materials. On occasion, Sears has also given direct financial assistance at times of peak capital requirements.

This guidance and assistance have permitted the manufacturer to expand his line of products to the point where he is now manufacturing men's and boys' shirts and men's shorts, in addition to underwear. In terms of company expansion, the organization now has 37 employees and 33 machines.

In another case, we went into a financial partnership with a young man who was highly skilled in the styling of furniture. We had technicians from the United States lay out his factory for better production, our accountants helped him set up a cost accounting system, our buyers gave him written contracts which permitted him to plan his buying of raw materials and to schedule his production. Today the factory employs four times the number of people, making high quality, excellently styled merchandise to be sold by Sears and other stores.

We have found that technical assistance or guidance—call it what you will—cannot be of the “one shot” variety; it must be continuing, and it must be established in such a way that the problem-solving assistance and the new ideas keep coming to the small manufacturer who cannot economically support major research and development activities.

Foreign investment also brings with it people—trained, skilled people. Generally speaking, our company and others follow the

procedure of bringing in a small group of experienced, skilled people to initiate the organization, to teach new skills and new ways of doing old jobs. This cadre understands that it has the function of training others to take over their positions. In our case, to facilitate this process, we have Venezuelan executives attend our staff schools in the United States, work with our buyers and other executives, and travel to units in other Latin American countries in order to expedite their progress and acquisition of skills. A company creates wealth not only by bringing in capital and promoting savings, but also by developing knowledge and skills that will be used, expanded, and passed on to others.

III

In addition to these quite well-understood areas of capital, techniques, and people, there are also some other important facets of the favorable activities of foreign investment.

We are all aware of the growing importance of effective working relationships between business and government. For Venezuela, this means not only with the Venezuelan government but with the United States government. United States businessmen generally are in a more effective position to talk to United States government officials than are Venezuelans. I recall very well the time when the Reciprocal Trade Bill was being considered by the United States Congress. Along with that problem, there existed the possibility of permanent restriction of imports of Venezuelan oil into the United States. In the face of this problem, a delegation from the American Chamber of Commerce in Venezuela went to Washington to testify before the House Ways and Means Committee and to talk personally with cabinet members and congressmen; as a result, Venezuela's position was better understood and, I am convinced, more reasonable action was taken by the United States government than would have been the case otherwise. United States businessmen are skilled at briefing visiting government officials. They are effective in talking to groups in the United States as a means of improving understanding. Just recently, Bill Hinkle, president of the Chamber, has traveled almost the length and breadth of the land, giving talks before thirty business and civic groups, telling them of the investment opportunities in Venezuela. Businessmen are also highly effective in dealing and working with such international organizations as the large foundations, universities, the Rotary, Boy Scouts, YMCA, and similar groups.

The concept of philosophy of free enterprise in the United States is one of "doing business for a profit with social consciousness." United States companies operating in Venezuela should be expected to apply that concept to their operations, the concept of good wages and working conditions, training and promotion for those most capable, and encouragement of participation by the company and its executives, personally and financially, in matters of community and civic interest and welfare. The work of the North American Association and its committees has been outstanding in this respect.

IV

The government of Venezuela has stated its desire for additional investment. What are the opportunities?

Several years ago an officer of a food processing company visited Venezuela to investigate the possibilities of establishing his company there. The company decided to make the investment. Two years later, I talked with him in Chicago and asked him how the venture had worked out. He replied by saying: "I am sure that most persons, upon being asked if they would prefer investing in Switzerland or Venezuela, would quickly say Switzerland because of the higher degree of political stability. We invested in Switzerland five years ago, and are still sending \$240,000 annually to that country to cover our deficit. Our company in Venezuela was in the black at the end of the first year's operation."

In what areas are there opportunities? One is certainly familiar to us: in Mexico, Colombia, and Brazil, 98 per cent of the items we sell are manufactured in the country. In Peru, 72 per cent are manufactured locally. The Venezuelan percentage is only 55 per cent, and there are many consumer-goods industries waiting to be developed there.

The role of private foreign investment in Venezuela is that of the supplier of capital; purveyor of techniques, knowledge, and skills; the trainer of people; developer of industry; facilitator of improved knowledge between the people and the government of the United States and Venezuela; and the sponsor of civic, community, and social welfare activities.

The views I have just expressed are not new. I hope, however, that in their restatement we will find the reasons for the great importance of private foreign investment and the need for encouraging it.



Harry A. Jarvis: THE ROLE OF PRIVATE ENTERPRISE
IN DEVELOPING COUNTRIES

WE HAVE BEEN AWARE for a long time that Florida has had a deep and abiding interest in developing its ties with Venezuela. There are very special reasons for these ties: geographical proximity, convenient travel and communications facilities, and many points of interest which are mutual. Many of us who live in Venezuela can testify—a bit ruefully perhaps—to the irresistible attractions of Florida's great shopping centers. Trade relations go much deeper, however, than personal shopping expeditions. In an economic study made a few years ago, we found that close to \$30 million worth of merchandise, together with agricultural and manufactured products, left Florida ports in a single year on their way to Venezuela.

Happily, this trade and travel is two-way. Delicious shrimp from Lake Maracaibo are flown up here regularly for the delight of Floridian connoisseurs of fine seafood. There is a large consumption in Florida of Venezuelan fuel oil, and it would be a good guess that the source of power for the electricity to light this room is our fuel oil. I am happy to report, also, that an increasing number of citizens of this state are taking advantage of the excellent air and sea communications with Caracas to explore Venezuela's fascinating tourist attractions.

There is ample reason to believe that two-way trade, two-way travel, and two-way interest will be maintained and increased in the future. This conference organized by the School of Inter-American Studies will give participants the opportunity to study the cur-

rent Venezuelan scene in depth; it reflects an interest on your part that transcends purely economic or geographic factors. Such a study can only bear fruitful results, and it is for that reason that Creole Petroleum Corporation is pleased to be represented here and to have been able to contribute financially to help make this meeting possible.

I

In the Venezuelan background presentation this morning, petroleum was mentioned frequently. The oil industry in Venezuela may, indeed, look back upon a productive past and also, I hope, look forward to an equally productive future. My own company and its predecessors can now claim forty years of activity, and at least one of our competitors goes back for nearly half a century.

Were I to recount history, I could tell of the adventurous and ingenious oil pioneers, most of them North American, British, or Dutch, who hacked paths through jungle and swamp, who braved all manner of disease and hardship, who even stopped a few Indian arrows, and who brought in the first oil wells. These rough and ready individualists often formed close friendships with the Venezuelans alongside whom they worked, but as large numbers of foreign technicians came to the country to operate an expanding industry, social and economic distinctions sometimes tended, unfortunately, to develop. Great sums of money were needed to build camps and operating installations in those early days, and taxes paid were necessarily low.

This, of course, is the background, and blessedly far back it is! The Venezuelan oil industry today takes second place to none in the skill and ability of its work force, the modernity of its plant and equipment, the efficiency of its operations, and its role as a positive factor in the nation's growth. Venezuelans fill a majority of administrative and technical positions. United States investment in the industry is the largest, by this country, in any single nation in the world. As an indication of operational efficiency, it might be mentioned that private oil companies last year were able to pay a daily tax bill of nearly \$3 million and still show a profit.

I think a valid point can be made that, with respect to its oil industry, Venezuela today definitely is not an underdeveloped nation. Oil is Venezuela's principal natural resource, and it has been developed rapidly and energetically by private enterprise. This has

provided the Venezuelan nation with a large and steady income for development purposes.

In addition, the private sector of the economy in general has increased greatly in strength and importance since the end of World War II. Eminent representatives of Venezuelan industry, finance, and agriculture are with us at this conference. The progress and energy which are increasingly characteristic of the Venezuelan—and Latin American—managerial class should be recognized as one of the most encouraging developments in the area.

In Venezuela, raw material producers, industrialists, and agricultural operators combine to constitute a creative and productive force of tremendous potential. Their activities, if carried out in an investment climate propitious to private enterprise, can best assure the production of wealth which is the basis for national growth and development.

II

In considering the role of private enterprise in developing countries and in the particular segment of these countries that interests us—Latin America—the Alliance for Progress immediately comes to mind. The prophets of gloom and doom have been enjoying a field day recently in their comments on this program, and I am sure that Ambassador Moscoso will deal adequately with their pessimism later on. I will just say that those who expected the Alliance to transform Latin America overnight, together with those who expected it to be an unbroken series of advances, are simply not being realistic. This is a long-range project, in which progress must be measured in years, rather than in days. But its goal of basic modification of the hemisphere's economic and social structure is a valid one, in which private enterprise is and has been all along profoundly concerned.

The role of private enterprise in the Alliance program is a great deal more important than many people realize. The financing by government and international money agencies is expected to provide little more than one-third of the total of \$100 billion, which, according to Ambassador Moscoso's recent speech in Chicago, is the amount of investment needed through this decade to achieve the Alliance goal of an increase of 2.5 per cent per year in Latin American per capita income. Two-thirds of the burden will fall on the private sector, both incoming foreign capital and investment

from domestic sources. The dimensions of this staggering figure are indicated by the fact that the sum total of United States private investment in Latin America, at the latest reckoning, is just over \$8 billion.

I would point out, however, that these investments have been a tremendous factor in Latin American progress. This fact places private enterprise in a strong position to play a major part in fulfilling the aims of the Alliance. I believe that official quarters in both Washington and Latin American capitals are becoming increasingly aware that, if the Alliance is to succeed, the chief drive must come from private sources.

If the predominant role of the private sector is acknowledged—as it should be—by government, it follows that the main stress of official policies must be encouragement of domestic savings and investment. The private sector should be assisted and stimulated. It should not be subjected to continual restriction and criticism.

Both in the United States and Latin America, it seems to me, there has been something of a tendency in the past on the part of official quarters to understate the importance of the private sector's contribution. Recently, however, there have been encouraging indications, especially in Washington, that government is more and more according due recognition to the substantial accomplishments of businessmen in the general effort toward economic development. Such recognition goes far, of course, toward establishing the atmosphere for effective cooperation between the private and public sectors that is indispensable to the success of our undertaking. A similar shift in official opinion in the Latin American capitals would further strengthen our prospects for achieving the common goal.

Our governments urgently need the all-out support of private enterprise if the grand design for hemispheric economic and social development is to be carried through, just as private business needs the understanding and comprehension of its efforts in official quarters so that the two sectors can work together on the task that demands the maximum efforts of both.

III

We of the private sector have a right to expect sympathy and understanding from government, but we must not expect that government provide our main defense against the Communist onslaught.

In the ideological realm, as in all others, we must rely on our own efforts. We must realize that the primary weapon of the Marxists is the idea. We must counter Marxist theories of development with our own. We must stand up to their attacks and point out their fallacies.

The Communists and their allies attack private business and investment chiefly on the following grounds: (1) it requires a profit; (2) it is in private hands rather than state-owned; (3) it often is subject to foreign ownership, thus somehow making it contrary to national interests.

Under Marxist theory, the effort to make a profit from economic operations is the ultimate crime. Put as simply as possible, what is the case for making a profit?

First, in the name of profit, private enterprise does its utmost to obtain the optimum use of capital, labor, and materials at its disposal. Consequently, more goods and services are produced at lower cost than is possible under any other system. Profits make possible the new investment needed for the growth of any enterprise. It also means that employees of the enterprise are rewarded for merit and are able to advance as fast as their own skills and application permit.

Secondly, in the name of profit, there is coming to be a high degree of social responsibility on the part of private enterprise. The assumption of this responsibility is nothing more than enlightened self-interest. While this may entail acceptance of less than maximum profits at any given moment, it contributes to the acknowledgement by society that profits are justifiable and acceptable. The application of private resources for social purposes is more and more characteristic of twentieth-century private enterprise.

Thirdly, in the name of profits, it can be demonstrated that not only are society's material needs being met, but that human and spiritual values are being promoted as well. We believe it is self-evident that man will discipline himself and develop his own potential more effectively when he is seeking to advance his own interests. The virtues of self-reliance, independence, careful and efficient performance, and individual creativity are by-products of the conditions that prevail under the profit system. And I submit that in fostering these standards, we are making it possible for the individual to live in peace, dignity, and mutual respect with his neighbor.

The Communists have proved that an industrial society can be built upon centralized authority and disregard of man as an individual. We of the West, who want our industrial society imbued with freedom, have in the profit motive the most reasonable basis for democracy, the form of government we believe to be the most satisfactory and rewarding.

IV

Let me turn now to the question of private *vs.* state enterprise. The point of departure of our Marxist critics in this area is that all means of production must be in the hands of the state. They claim that private enterprise is selfish, exploits its workers, plunders the natural resources of the country, and, in the case of developing countries, seeks to keep the host country in the "colonial status" of the last century. By the same token, they declare state enterprise would remedy all these defects.

We believe the most effective answer to all these charges is to be found in an objective comparison of the material well-being of the western countries that have flourished under private enterprise with the conditions in Iron Curtain countries subjected to Marxist economic theory.

In the case of developing countries, we feel there is an urgent need for a common front in which both private enterprise and the state can make maximum contributions toward national growth. Eugene Black, former president of the World Bank and a man who knows probably as much as anyone about the problems of developing countries, has pointed out that perhaps their major problem is the allocation of limited resources. They must, he said, reach the hard decision of how to invest public funds so that they will produce maximum benefits.

In the case of developing countries, particularly, we believe that public funds should be destined to the realization of those projects, essential to the nation's growth, that traditionally are regarded as functions of government. The sum total of such projects has been called by the economists social overhead capital, or infrastructure, and includes roads and communications, education, public health, development of sparsely settled areas, and the like.

There are no developing countries with enough resources to carry on these activities and at the same time branch out into fields served efficiently by private enterprise. Furthermore, private en-

terprise operates in its given field with a high degree of efficiency, while the general experience has been that state enterprises not only fail to show a profit but actually drain the public treasury to supply chronic deficits.

It would seem clear, then, that in all economies there is a function for the state and a function for private enterprise. The combined efforts of both are urgently needed to provide the maximum contribution to national development.

V

In connection with the third principal target of Marxist attack—foreign capital—I would like to refer specifically to the company by which I am employed, Creole Petroleum Corporation.

Our character as a foreign enterprise is self-evident, and we make no attempt to disguise it. But we try to show, by our actions and attitudes, that we are motivated basically by the interests of Venezuela and that we believe the interests of Venezuela to coincide with our own over the long term. The fact that we have been operating there profitably for forty years would appear to offer evidence that this is a viable position. And although xenophobia has been a convenient rallying cry for demagogues since the days of the Greeks and the Persians, it is possible that this ancient shibboleth may be losing some of its impact in today's world: the steady "shrinking" of the globe and the growing interdependence of nations are having their effect.

No modern industrial nation could have achieved its present status without the aid of capital, techniques, and know-how from beyond its borders. It is a familiar story to you all, I am sure, that our own great industrial and commercial growth of the nineteenth century received much of its impetus from British and other European capital.

In addition to its direct economic contributions to the host country, foreign capital brings with it many intangibles that may prove of greater ultimate importance. Modern business management methods, large-scale production techniques, transportation and distribution systems, and other attributes of up-to-date economic operation are among them. Not the least of these benefits is the training and experience acquired by nationals of the host country, who occupy an increasingly important proportion of the top jobs in our enterprises. Four of the nine members of our board of

directors are Venezuelan, a former director is now the head of world-wide producing coordination for our parent firm, Standard Oil of New Jersey, and other Venezuelan executives who received their training in Creole are now active with affiliated companies in Argentina, Colombia, and the United States.

Allow me to illustrate my remarks with a concrete example of the way we seek to contribute, above and beyond our operations as an oil company, to the Venezuelan economy.

Creole has always tried to identify its interests with those of Venezuela. We believe a mutuality of interest exists among the government, the community at large, our employees, and, of course, Creole itself. This position has led us into activities that might seem remote from the oil business but that, in the final analysis, contribute to bolstering the economy. They include scholarship programs, extensive contributions to agriculture, housing programs, public health and education projects, and a broad program of investment in such varied projects as hotels, ferry services, food distribution and retailing, hospitals, and packing plants.

Last year, we took steps to aid the economy, in a period of stress since 1958, in a more systematic way. We established the Creole Investment Corporation to make investments in Venezuela in private enterprises unrelated to the oil industry. We hope to aid in the industrialization of the country and in promotion of economic recovery. Lack of capital had been a principal obstacle to both objectives.

To date, the Investment Corporation has provided excellent results. It has invested \$4.2 million in 17 enterprises that have created 1,300 new jobs directly and several thousand additional jobs in back-up and associated industries. It has received overwhelming public support and has attracted a great deal of favorable comment abroad.

This project, we believe, fulfills all the basic principles of the private enterprise system that I have enumerated. At the same time, it is making a basic contribution to the Venezuelan economy, the economy of a developing country. I cite it because our company has been directly involved, but other segments of the private sector in Venezuela are carrying out similar projects.

VI

Profit making by private enterprise, whether financed by national

or foreign capital, is entirely compatible with a broad degree of public responsibility.

This sense of high responsibility is found in a broad sector of private business in Venezuela: responsibility toward employees, toward the community, toward the public in general, and toward the government.

We have been speaking of the economies of developing countries, but, in my view, we could speak with equal relevance of the developing nature of private enterprise. Competitive private enterprise is the most effective system developed to date for providing man with the goods and services he needs and wants in his aspirations for the better life. And it carries with it a flexibility and an adaptability that permits it to grow and to change.

The very forces that have given rise to the revolution against the status quo are forces that were in large degree generated by the economic progress of the Western World, operating under an evolving system of private enterprise. It is these forces which constitute the true revolutionary ferment in today's world, and not the doctrine of the Marxists or other totalitarian systems. And it is these forces which impose on private enterprise its demanding role as the chief instrument for progress in the economies of the developing nations. Given its past achievements and its potential for future accomplishment, I am convinced that private enterprise will discharge this role with a full measure of success.

Harry W. Jones: THE DEVELOPMENT OF LA GUAYANA, “THE FUTURE RUHR OF SOUTH AMERICA”

ON SUNDAY, July 2, 1961, on the site of Mesa de Chirica, where the historical Battle of San Félix was fought on April 11, 1817, President Betancourt in a simple but inspiring ceremony laid the cornerstone for the foundation of a new city to be known as Santo Tomé de Guayana, destined to become the seat of a future industrial “Ruhr” of South America.

In any conference or serious discussion relating to the economic and social development of Venezuela, it is most important and appropriate to devote close attention to the development of the region known as “La Guayana” in the southeastern part of that country. This area will have its geographical center at a point where the Orinoco and Caroní rivers meet, and will spread out to a radius of 180 miles in all directions. The Venezuelan Guayana Corporation (Corporación Venezolana de Guayana) has been charged with the responsibility of developing the great natural resources of this region, which in the brief span of a few years can offer great possibilities toward the achievement by Venezuela of a truly dynamic and self-supporting economy, and will enable that country to become an important factor in the Latin American Common Market.

I. Historical Background

I would like to take you with me on a brief adventure to this land of “El Dorado,” which is still the home of the jaguar, the

deer, the tapir, and the cannibal "caribe" or piranha fish, and whose vast reaches covering the so-called Guayana Shield contain untold wealth in its deposits of high-grade iron ore, manganese, gold, diamonds, nickel, chrome, bauxite, and possibly radioactive materials. Its great rivers are the mighty Orinoco with its path to the sea, and the Caroní with an enormous hydroelectric potential of 10 million kilowatts of low-cost electrical energy, which can be harnessed in conjunction with the development of these natural resources to produce riches far exceeding the fondest dreams of the old conquistadors, the corsairs of Sir Walter Raleigh, as well as the Dutch who later came in search of the golden legend.

It is of historical significance to note that the early patriots, during the eventful and often dramatic life of the Republic, turned their eyes toward the promise and hope of La Guayana, long after the myth of the Golden Fleece was already forgotten. The Liberator, Simón Bolívar, in the darkest hours before the liberation of New Granada, was aided by the grains and cattle wealth of Guayana, and went on to realize his dream of independence of La Gran Colombia. Leading writers and political thinkers of the nineteenth century, such as Samuel Darío Maldonado, left in their books a dazzling and prophetic version of Guayana. Díaz Rodríguez spoke in stirring terms of what the diversified and unused wealth of the Orinoco and its adjacent shores would some day signify for Venezuela. Rómulo Gallegos and Andrés Bello foresaw the Guayana of today and tomorrow as one of the fabulous wealth preserves of the country, with the great promise it held for the progress and future prosperity of its inhabitants. In the year 1962, "El Dorado" is no longer a myth, but a reality, with the first giant steps being taken in the erection of a large modern steel plant at Matanzas on the shores of the Orinoco, and completion of the initial stages of the Caroní hydroelectric development, which are to be coordinated with other bold and well-conceived plans to make this region one of the greatest industrial complexes in Latin America.

II. Physical Resources

The Venezuelan Guayana represents more than one fourth of the total area of the country. The state of Bolívar alone has an area of 283,000 square kilometers. In this vast region, the census taken in 1961 indicated a population of 212,000 persons, which

corresponds to a population density of less than one inhabitant per square kilometer. Notwithstanding the sparse settlement of these regions, the towns of San Félix and Puerto Ordaz, situated on opposite sides of the Caroní River at its confluence with the Orinoco, and which will comprise the new city of Santo Tomé de Guayana, have had during the past decade the most intense population growth recorded in the country, with an increase from 4,000 persons to over 40,000. This fantastic growth brings with it many social and economic problems for the inhabitants of this community, but has forcibly brought to the attention of the authorities the need for detailed urban planning, which will make Santo Tomé de Guayana one of the most modern and progressive cities of its type in the world.

The characteristics of the "Guayana Shield," which consists of very old geological formations, make these lands rather unattractive for agriculture, but there are excellent prospects for cattle raising and the exploitation of vast forest reserves, both of which are under detailed study by the Guayana Corporation.

Iron ore of the highest grade, in excess of 60 per cent, is found in the fabulous deposits of Cerro Bolívar, the concession of United States Steel, of El Pao, the concession of Bethlehem Steel, and the government reserves of San Isidro, El Trueno, and many others, which bring the total of proven reserves to 1,300 million tons, with the added possibility of sizable new deposits in regions which are yet relatively unexplored.

There are also important deposits of manganese, nickel, chrome, gold, and industrial diamonds, with further evidence, based on modern exploration techniques, of several other valuable minerals as well as deposits of bauxite.

There are within a radius of 180 miles from Santo Tomé de Guayana, petroleum fields with proven reserves of more than 370 million cubic meters of petroleum, and more than 320 thousand million cubic meters of natural gas. Also, within this same radius are located the coal mines of Naricual with proven reserves of at least 30 million tons, the limestone deposits of Anzoátegui with reserves of 1,130 million tons, sulfur deposits of 700,000 tons at Sucre, and refractory clay (coalín) in Bolívar of more than 700,000 tons.

This amazing concentration of natural resources, especially minerals, is favorably situated with regard to the important factors of transportation and communications to the production centers of

this future industrial complex, and also to the markets of the outside world. A program of dredging the Orinoco as far as Matanzas, the location of the steel mill, and later on as far as Ciudad Bolívar, will make possible the passage of very large ocean-going vessels. Two railroad lines will converge on Santo Tomé to bring iron ore to the Orinoco and a network of highways, already in existence, will be expanded and improved to link this zone with Puerto La Cruz in the north, and with Caracas and the central zone, once the bridge project crossing the Orinoco at Ciudad Bolívar has been completed. Another important bridge, approximately 1,575 feet in length, is planned for crossing the Caroní River at Santo Tomé and will be placed in service in 1964. Work has already been initiated on a floating dock at the new municipal port facility in Santo Tomé, 360 feet long, which will have a capacity for handling almost 100,000 tons of cargo.

III. The Guayana Corporation

It has been fully recognized by the government of Venezuela that, until quite recently, the major share of public funds has been invested in the west-central region of the country, and in the large cities, particularly the Caracas area. This fact has contributed to an overconcentration of population in these cities, creating serious social and employment problems, and accentuating the already sharply contrasting differences with the development of other sections of the country. Obviously, these disparities, and in some cases injustices, have created serious obstacles to the general development of Venezuela; and, in order to rectify the situation, the government has adopted a policy to decentralize future development plans along the lines of geographic area development and diversification of the economy.

It was upon this premise that the Guayana Corporation was created in December, 1960, with the specific purpose of promoting, organizing, and coordinating the development of the Guayana region. The Guayana Corporation is the first completely autonomous organization of its kind, reporting directly to the president of the Republic, and operating independently of the National Treasury.

The principal functions of the Guayana Corporation are to study and develop the natural resources of the zone, to study and develop the hydroelectric potential of the Caroní River, to promote

industrial development within the zone, both public and private, in coordination with the over-all National Development Plan, and to coordinate all activities in the socioeconomic field, including education, health, housing, and employment, with particular emphasis on the creation and development of the new model city, Santo Tomé de Guayana. All the functions of the Instituto Venezolano del Hierro y del Acero (Orinoco steel plant), Electrificación del Caroní (Caroní hydroelectric plants), and Minas de Naricual (coal mines) have been incorporated into the operations of the Guayana Corporation.

The Guayana Corporation operates under the able direction of its president, Colonel Alfonzo-Ravard, and four principal directors, all of whom are appointed by the president of the Republic. Colonel Alfonzo-Ravard is an outstanding young military engineer officer who has gained an international reputation for his competence as a planner and administrator, and for his high personal integrity and aloofness from politics. Colonel Alfonzo-Ravard initiated and directed the original program for development of the Caroní River, starting in 1955, and also served his government as a former president of the Fomento Corporation. I would like to pay a special tribute on this occasion to this fine officer and patriot who has already contributed so much to the present and future development of his country.

IV. The Caroní Hydroelectric Development

It is fundamental to the development of any industrialized region to provide an abundant supply of low-cost electrical energy. To achieve this goal the waters of the Caroní River, which ranks among the five or six rivers in the world, including the Nile and the Volta, with the greatest hydroelectric potential, are being harnessed by the Guayana Corporation. The Macagua No. I Hydroelectric Plant, situated on the lower reaches of the Caroní, not far distant from its confluence with the Orinoco, is already in service, with an installed capacity of 300,000 kilowatts. The initial installation consists of six 50,000 kilowatt hydraulic turbine generator units, which at minimum stream flow are able to supply 300,000 kilowatts of cheap electrical energy, competitive with similar plants anywhere else in the world. The electricity from Macagua is transmitted a relatively short distance by high voltage lines (115 KV) to the steel mill at Matanzas, and will also be available for the growth of new industries and processing plants in this vicinity.

A second step is already under way for completion of studies and the engineering design of the great Guri Dam, upstream, which, when completed in 1966, will provide regulation and storage of these waters, making possible the downstream generation of nearly 5 million kilowatts of electric power, through the progressive installation of other hydroelectric plants along the course of the lower Caroní. The Guri Dam, which will have an initial height of 300 feet, will be one of the largest engineering works of its kind, not only in Latin America, but in the entire world, with a total generating potential of more than double that of the High Aswan Dam in Egypt. Ten large generators, with a combined capacity of 1,750,000 kilowatts, are projected for the first stage of the Guri power plant during the period 1968-81. The second stage (1982) will involve raising of the height of the dam to 375 feet with the installation of additional generating units to bring the total capacity of the plant to 3 million kilowatts. The final stage will witness a further increase in the dam height to 450 feet, which, combined with still another row of generating units, will bring the total capability of the Guri plant, alone, to nearly 6 million kilowatts.

These figures stagger the imagination when one realizes that the total hydroelectric potential of the Caroní after completion of the Guri Dam will approach 10,500,000 kilowatts, or visualizes the power plant sites, which have been determined to be both technically and economically feasible through careful studies by the Guayana Corporation engineers with the assistance of renowned international consultants.

V. The Orinoco Steel Plant

The most important event in the economic history of Venezuela since the discovery and subsequent development of its petroleum resources some 35 years ago was the inauguration of the Orinoco Steel Plant on July 9, 1962, at Matanzas on the bank of the Orinoco River. Prior to the completion of this modern and completely integrated steel producing facility, the country was obliged to import 95 per cent of its iron and steel requirements, which during the past three years have approached 1,850,000 tons with a corresponding value of Bs.1,300 million, or approximately \$300 million in foreign exchange. The Orinoco Steel Plant, which will be fully completed within 18 months, and producing at full capacity within

four years, will furnish a considerable amount of the nation's requirements for steel products, resulting in initial savings of nearly \$150 million in foreign exchange. The completion of this plant represents an investment of approximately \$360 million by the government of Venezuela, but in addition to the benefits to the country, referred to before, Venezuela will also become an exporter of certain steel products, particularly seamless pipe and structural angles, when circumstances permit, and gainful employment will be provided for 6,000 persons in its operations.

The first stage of this project will produce 600,000 tons annually of finished products as follows:

	Tons
Structural angles	70,000
Rails	60,000
Steel bars	85,000
Sheets	10,000
Plain wire	10,000
Seamless pipe	300,000
Barbed wire	15,000
Cast-iron pipe	30,000
Miscellaneous castings	20,000
Total	600,000

In full production, the Orinoco Steel Plant will use in a year:

1,200,000 tons of iron ore
 250,000 tons of coke
 200,000 tons of limestone
 1,800,000 kilowatt hours of electrical energy

This modern steel plant will utilize the iron ore, manganese, and limestone of La Guayana, and virtually all of the electrical energy consumed will come from the Macagua No. I Hydroelectric Plant some ten miles away. The large quantities of coke required, however, must still be imported from abroad, and in March of this year a contract was signed with Strategic Patents Limited of the United States, to obtain an exclusive patent for use of the Strategic Udy Process, whereby the local coal from the mines of Naricual may be substituted for coke as a reducing agent in the great electric reducing furnaces. The first of the nine Norwegian reduction furnaces has already been converted to the Strategic Udy Process and it is calculated that furnace production may be increased by

this method as much as 50 per cent to 100 per cent with a cost reduction per ton between 10 per cent and 20 per cent. If the Strategic Udy Process lives up to expectations, additional furnaces will be converted to this method, which will reduce, and eventually eliminate, the requirements for coking coal, making this plant a virtually self-contained area operation. Also, in order to ensure a continuous and reliable supply of electric energy for these 200 ton-per-day furnaces, a 20,000 kilowatt thermoelectric power plant has been installed on the site of the steel mill for operation in the event of temporary failure of the outside source of electric power.

A second stage of the Orinoco Steel Plant is already projected, which envisages production capacity of 1,200,000 metric tons to meet all demands of the growing internal market and to further enhance the possibilities for export of its finished products.

VI. A Model City—Santo Tomé de La Guayana

One of the tasks which has been assigned a top priority by the Guayana Corporation is the building of the future great city of Santo Tomé de la Guayana, which will carry the name and the tradition of the first settlement south of the Orinoco, established by don Antonio de Berríos on December 21, 1595, but which was later destroyed by pirates.

The location of this new model city is at the point of confluence of the Caroní and Orinoco rivers, extending for approximately 15 miles from the site of the Steel Mill on the west, to the east of the old port city of San Félix on the opposite side of the Caroní. This is the natural center for development of the Guayana region, and the construction of a bridge 1,575 feet long over the Caroní, to be completed in 1964, will permanently link together the existing towns of Puerto Ordaz and San Félix, to form a geographic unit upon which an entire new community will be built to accommodate 100,000 persons in the next few years, and 250,000 within 20 years.

Such a complex undertaking requires the most careful and detailed planning, and with the object of obtaining highly qualified advice on this project, the Guayana Corporation has signed a contract with Harvard University and the Massachusetts Institute of Technology by means of which the Joint Center for Urban Studies of these institutions will actively collaborate in the conception and realization of the plans to construct this model city, whose growth must be closely coordinated with the over-all development of the Guayana Zone.

The basic plan calls for the location of the industrial area at each end of the city limits with the heavy industrial plants, such as the Steel Mill, on the west, because of prevailing winds which will carry the smoke and dust away from the city, and the so-called light industries to the east in close proximity to the new port facilities. These two industrial areas will ultimately each provide employment for some 30,000 persons.

The planning of this new community must include, of course, housing developments on a very large scale, and extensive studies have been made to provide both low- and medium-cost houses of modern design for its inhabitants by the Banco Obrero (Workers Bank), and private construction firms such as the Fundación de la Vivienda Popular, with provisions for mortgage-type financing.

The residential areas planned for the new city will be laid out in such a manner that school children will be able to walk to their neighborhood schools without having to cross the streets. Considerable emphasis is being placed on environmental sanitation and public health, along with the construction of modern hospitals and clinics. Equally important is the program for education for the citizens of Santo Tomé, both from a social and technical standpoint. An extensive program for the construction of both primary and secondary schools is under way, and in collaboration with the Ministry of Education, a new modern University of the East will be completed to provide technical and vocational training at all levels.

A major problem confronting every large population center in Latin America today is the absorption of many thousands of migrants from the rural areas and their adaptation to urban living. It was previously mentioned that during a period of scarcely ten years the population of the Puerto Ordaz-San Félix area has exploded from 4,000 to over 40,000 inhabitants, many of whom were attracted from the interior by new opportunities offered by the construction of the Steel Mill and related developments. This has given rise to an emergency plan which must be simultaneously carried out by the Division of Urban Development of the Guayana Corporation in conjunction with the long-range plans described before, to raise living standards of the present inhabitants, to provide employment opportunities, and to prevent and minimize the growth of slum areas, which are so characteristic in other rapidly expanding cities elsewhere in Latin America.

The total cost for the development of Santo Tomé de Guayana

—"The Model City"—in terms of the immediate and future plans described previously, is estimated at approximately \$390 million. This massive expenditure will bring about, however, the realization of one of the most advanced and well-planned communities of its kind in the world, which will serve not only as a seat of government and as an industrial center in this important area, but also will prove to be a source of inspiration, hope, and pride to the people of Venezuela, as a symbol of their great economic and social progress in the years to come.

VII. The Role of Private Enterprise

It is essential to the ultimate success of the Guayana Program for private enterprise to play *its* role, in close cooperation with the government of Venezuela, in the achievement of the most important long-range goals, that is, economic independence for the country and provision of a better way of life for its people. These must be accomplished, through full and proper utilization of the resources of both private capital and labor, in an atmosphere of incentives, profits, and recognition of outstanding performance and skills, which are essential elements for true economic and social progress in a free society.

The government of President Betancourt and the directors of the Guayana Corporation have already indicated an awareness of the importance of the private sector. One such encouraging development has been an association by the Guayana Corporation with the Reynolds International, a subsidiary of Reynolds Aluminum Company, for the formation of a mixed company, ALCASA, for the production of aluminum by the electrolytic reduction process, utilizing low-cost electrical energy generated by the Caroní hydro-electric plants. This project contemplates the production of 22,500 metric tons of primary metal, initially for the national market, with expansion possibilities for production of 100,000 to 250,000 tons, and with an eye toward the world export markets.

United States Steel Corporation and Bethlehem Steel have made investments of considerable magnitude in the development of their concessions at Cerro Bolívar and El Pao and in the form of modern transportation and ore handling facilities on the Orinoco. Phillips Petroleum has established a petroleum shipment depot at Santo Tomé, with a capacity of 25,000 barrels daily, bringing the crude from its fields in Anzoátegui through a 60-kilometer pipe

line which crosses the Orinoco River. There are many other private projects under consideration, inherent to the growth of the zone, which have the encouragement of the Guayana Corporation, including construction materials, ceramic materials, and the creation of an integrated wood products industry. It has previously been commented that private construction firms will also actively participate in commercial construction and residential housing projects in the new City of Santo Tomé, as well as future urban developments in the zone.

It is also appropriate to mention here the activities of the Creole Investment Corporation, a subsidiary of Creole Petroleum, which was established in August, 1961, with a capital of \$10 million to be used, in partnership with Venezuelan private capital, to further the development of the country in fields unrelated to the petroleum industry. These include industry, agriculture, and animal husbandry. One of the first projects in the Guayana Region, initiated with the assistance of Creole Investment Corporation, is Industrias Alfareras de Guayana C. A., who are building a kiln for the manufacture of bricks, a currently scarce item in the zone. Creole Investment Corporation has already invested over \$4 million in 16 companies since its existence, generating nearly \$16 million from local Venezuelan sources in the process, which is a most welcome and effective stimulus to the development of private industry. With nearly \$6 million remaining to invest, it is hoped that Creole Investment Corporation may channel more of its efforts to the development of a variety of industries in the Guayana Zone, both in Santo Tomé and in the regions of the interior.

Of further interest are the activities of the privately sponsored philanthropic foundations such as the Fundación Mendoza and the Fundación Creole, which can also make important contributions to the development of La Guayana and the welfare of its people. These foundations perform many useful and praiseworthy functions, including scientific studies and investigations in agriculture and the socioeconomic fields, the elimination and prevention of communicable diseases, and the sponsoring of scholarships in science and agriculture for talented young men and women. Such efforts, which are wholly supported by private enterprise, are welcomed by the government of Venezuela, since they effectively complement the activities of its development and social agencies, and often provide valuable guidance in the form of new discoveries and techniques which can be put to use for the benefit of all the people.

There is growing concern, however, among the proponents of private enterprise over the fact that in many of the developing countries in Latin America there is an increasing tendency to bring under state control not only the public services, such as electric power and communications, but also the basic major industries. There are various reasons for this trend of events, and foremost, perhaps, is the absence of a favorable "investment climate" for private venture capital, both local and foreign, to initiate and undertake these large key industrial projects. Other reasons involve nationalistic spirit, concern for national resources, political expediency, and in some cases fixed conceptions regarding the advantages of a state-controlled economy, which have too often contributed to the discouragement of private enterprise from assuming its natural role in the growth of a vigorous and fully integrated economy.

However, rather than dwell on the pros and cons of this subject at the moment, and with the hope of stimulating further discussion during the remaining sessions of the conference, I would like to comment on a formula for development in Latin America which represents a practical compromise between the two extremes of government control and strictly private enterprise. This plan involves the joint participation with private industry by the Government Development Agency (Corporación de Fomento), preferably in a minority position, in the initial stages of an industrial project, with the benefits of providing political support to the project, partial provision of local funds required, and at times, qualifying the project for a government guarantee when required by international lending agencies. This participation by Fomento would be carried out, however, with the proviso that within a reasonable period of time it would withdraw from the project and sell its shares to private ownership and/or to the general public to convert the operation to a predominantly private enterprise. This has been successfully done in Chile in the case of the C.A.P. Steel Mill (Compañía de Aceros del Pacífico), which after only a few years of successful operation is now 67 per cent privately held with an impressive portion of the shares in the hands of the general public. In both Venezuela and Colombia, there has been considerable progress in this direction, and I am personally familiar with several industrial projects in which this formula has been remarkably successful. In these instances, the Fomento Corporation, after providing initial equity participation, has seen fit to completely dispose

of its holdings to private sources under a previously agreed upon time schedule. The benefits to the Fomento Corporation, in addition to stimulating the growth of local private industry, are that the Fomento should be able to dispose of its shares at a reasonable profit, once the particular industry is in full operation, and also to reinvest these funds in other promising situations on a similar basis.

In the case of the association between the Guayana Corporation and Reynolds, which is initially contemplated on a fifty-fifty basis, it would be a great step forward if consideration were given to offering the government-held shares, in whole or in part, to the general public after there has been reasonable appreciation resulting from a period of profitable operations, and also if this same philosophy could be applied in gradual steps to the Planta Siderúrgica del Orinoco, even though this project at present is wholly owned and operated by the government.

VIII. The Future

The principal objectives of the Venezuelan government in formulating its over-all development plans are essentially those points which have been discussed here today—the building of a strong and broadly based economy, diversified along geographical lines, steady improvement in the living standards of the people, and the provision for more and better employment opportunities. It is important to understand that the problems which confront Venezuela at present are rather different from those facing many other developing countries.

Over the past 25 years there has been a sustained and, at times, almost spectacular economic growth in Venezuela, based mainly on government income from the exploitation of the country's petroleum resources. The increases in national income, however, have accrued principally to only a small segment of the population, with a large majority of the people still confined to a rather low standard of living.

If this complex problem of relatively low living standards for the majority of the population is to be progressively resolved, the economic growth of Venezuela must continue at a rate substantially above the rate of increase of population (approximately 3 per cent) and the labor force. Based on recent studies, it is evident that even a modest rate of expansion in the economy of 5-6 per cent

will not be possible unless the petroleum industry remains in a healthy state and continues to contribute substantial revenues to the government, making it vital for Venezuela to maintain a strong position in the world petroleum markets. However, in view of rapidly developing sources of petroleum in other parts of the world, and the ever-present possibility of the development of low-cost alternative sources of energy, Venezuela is obliged to seek economic diversification and gradually reduce its almost complete dependence on petroleum for economic growth.

Hence, it is against this background that we draw our conclusions, emphasizing the great material and spiritual significance which the development of La Guayana holds for the people of Venezuela. It is reasonable to predict that within a span of a few years the Guayana region shall be for Venezuela, relatively speaking, what Pittsburgh is to the United States, the Ruhr is to Germany, and the Urals are to the Soviet Union. This great industrial complex will not only furnish the growing needs of the nation, but will definitely make Venezuela a strong and vigorous participant in the Latin American Common Market, as well as other related markets of the world.

It is a fitting sequel that the Venezuelan Guayana, which materially aided the armies of the Liberator to achieve political independence some 150 years ago, may now prove to be the means of achieving economic independence and lasting social progress for its citizens.

Part V

AGRARIAN REFORM



Eduardo Mendoza G.: AGRICULTURE: THE
KEY TO DEVELOPMENT

TO ANALYZE, even superficially, Venezuela's agricultural development in recent years leads to the discovery of a radical change in the structure of the country's resources.

I. Background

A series of events of major importance to the country marks the period. They include the elimination of malaria, the construction of a series of projects of social over-all significance without which future progress would be impossible, the explosive increase of the population, a decrease in illiteracy, an improvement in university education, and, of particular significance, the transfer of political influence (although not necessarily political power) from the rural landowner to the businessman and the industrialist, as well as to the professions and to the vigorous middle class, urban and rural, all joined together in a form of social democracy, in which personal merit and economic power prove more important than one's family or lineage in one's advancement.

The still-pastoral Venezuela of 1922 had a population of 2,365,098 (80 per cent of it rural), beset by extremely low purchasing power, a high percentage of infant mortality, a tragic incidence of malaria and many other tropical diseases, and with financial resources so scanty that the national budget for that year was a mere Bs.72,014,302.

Agriculture and the import-export trade (especially exports of

coffee and cocoa) were the principal factors of the economy. Up to that time our economy was, essentially, no different from that of our neighbors of South or Central America.

However, as is generally known, in that year the oil industry began and subsequently developed rapidly, at a time when the country was passing through one of its most critical situations: agricultural production was starting to drop, and, in the period of 1913 to 1929, imports rose steadily, producing deficits in the balances of trade and of payments. Our administrative deficiencies were such that the resources and wealth created by oil production were not properly utilized to provide balanced economic development.

So far in the present century, and particularly since 1925, Venezuela's development has been marked by two major features. One is the preponderant position of our country as an oil producer, and the other is the fact that it is a highly desirable market for imports of all kinds. From 1950 to 1958, there was abundant wealth that attracted people and capital from every corner of the globe. Venezuela's heritage turned to beyond the seas, and its doors opened wide to foreigners and its own sons searching for an El Dorado that was no longer mythological.

For a period of almost 35 years, agriculture failed to keep pace with the growth of other sectors of the economy, and it not only was incapable of responding to growing demand, but the cultivation of traditional crops actually declined.

In view of this background, it would appear not only naive but sterile to speak of Venezuela's agricultural wealth. However, even the most cursory review of the country's history will provide completely different insights; and although the knowledge thus disclosed would, under no circumstances, warrant the description of Venezuela as an agricultural power of the first order, it does make clear that the country's destiny, its prosperity, and its future development are by nature inextricably linked to the useful employment of the land factor.

It would seem that the spirit which animated Columbus has stalked the pages of our entire history, for when the Genoese navigator set forth from Palos de Moguer on his great adventure, which eventually transformed the Kingdom of Castile into the greatest empire the world had known, he was not searching for El Dorado, nor could he have been aware of the mines of Mexico or Peru, nor of the pearls of Cubagua. He was searching, indeed, for a

product of the soil: the spices of India. This incentive led him to discover something which was termed the New World. The name was well chosen, for it was in truth a new world, so new that it gave the continent some of its principal crops, such as corn, potatoes, and tobacco. Few spices were found, nor was a new route to India discovered, but Vespucci gave his name to a world that stretches from the frontier with Russia to the South Pole, a vast domain in which Carlos V established a small Captaincy General, Venezuela.

When the treasures of Cubagua had been exhausted and the search for gold had proved futile, the colony turned its attention to a prodigious but difficult nature, hoping to find in agriculture the wealth that the subsoil was to reserve for the fortunate residents of the twentieth century. A glance back through the history of Venezuela discloses a surprising continuity of administrative policy whose objectives reflect an admirable insistence on the need to develop our agricultural potential. This attitude is first noted during the colonial period, after centuries of dedicated effort, and the result was that "in the first 30 years of the eighteenth century, 643,215 fanegas (1 fanega is equal to 1.6 bushels) of Venezuelan cocoa were exported to the Peninsula, and in the following 16 years, exports came to 269,247 fanegas."¹

The products of the land were the principal source of wealth and of labor. In 1777, the recently-established Captaincy General began to seek export markets for Venezuela's agricultural and livestock products. Hides, lard, hams, cotton cloth, sugar, and cocoa were shipped to the Antilles, to Cartagena, Mexico, and Spain. Coffee, which appeared later, was to play a leading part in the economic and social development of Venezuela until 1930.

Thanks to this agricultural development, relative prosperity had been won by the end of the eighteenth century. Partly responsible for this development, beyond doubt, was the highly controversial Guipúzcoan Company which, established in 1728, became a dominant factor in Venezuelan life until the beginning of the nineteenth century, although it brought its activities to a close in 1785. According to Arturo Uslar Pietri, in the valleys of the Aragua and the Tuy rivers the fields were dotted with plantations and settlements. The first credit systems were established. One hundred years later, foreign visitors still were impressed by the irrigation

1. José Gil Fortoul, *Historia Constitucional de Venezuela*, Vol. I, p. 76.

systems used on Venezuelan plantations. With the refined usages of an easier and more cultured life, the men and the ships of the Company brought with them the restlessness of the Enlightenment. A great deal of French philosophy came over on the cocoa ships, sponsored by the leaders of the *Sociedades Amigas del País* (Friendly Societies of the Country). During these years, Venezuela's population approached 800,000 and exports reached a value of Bs.20 million.

The war effort which made possible our emancipation from Spain found the basis of its sustenance and triumph in an economy centering around the farm, the only source capable at that time of supplying the needs of a long and bloody war. Thus, in exchange for the decline of a relatively flourishing economy, achieved during the colonial period, political freedom was gained. The price although justified, was high. "The plantations are semi-destroyed, crops were ruined, cattle turned wild and went into the hills, the struggling industrial installations were put out of commission—all was wiped out in the furor of the great struggle."²

As a result, tax revenues declined precipitously. Ravenga reported to Bolívar in 1828: "Customs duties furnished almost nothing for the Government. Tobacco revenues, which were more than 1,200,000 pesos formerly in this province, now produce less than one-fourth of that amount."³

In view of the disastrous condition of public finances, extreme diligence was essential to national reconstruction. It was necessary to use available wealth with the greatest prudence in order to restore production at least to levels attained before the independence wars.

The struggling farmer of 1830 faced a grim future, "toiling in fields devastated by the flames of a crippling war of 20 years, which had left a legacy of ashes and debris, grievous monuments to the fury of the conflict. Still smouldering were the holocausts which had consumed the country's greatest fortunes. It was no simple task to transform these wastelands overnight into waving fields of golden corn, or forests of majestic trees; the rocklike, weed-covered earth broke the plow; the farmer's paltry recompense for back-breaking toil was bitterly cheerless, and he was, moreover, constantly

2. Eduardo Mendoza G., prologue to *Ten Years of Shell's Service to the Farmer*, 1962.

3. José Rafael Ravael Ravenga, *Public Finances in Venezuela, 1828-30*.

under the threat of bandit raids and at the mercy of the harsh elements.”⁴

This and other chronicles of the period provide a clear idea of the task involved in reconstruction, an unending, dogged, silent labor in which there was no time for empty talk or sterile discussion.

An increase in exports during the period from 1830-31 to 1845-46, detailed in Table 1, offers eloquent proof of the industry of those Venezuelans as well as of the rewards which Venezuelan soil tenders such efforts.

TABLE 1
EXPORTS OF VENEZUELAN AGRICULTURAL PRODUCTS

	1830-31	1845-46
Cotton	96,895 lbs.	787,938 lbs.
Indigo	262,310 lbs.	274,991 lbs.
Cocoa	215,340 lbs.	9,240,587 lbs.
Coffee	11,544,024 lbs.	69,062,573 lbs.
Tobacco	101,450 lbs.	1,693,208 lbs.
Beef cattle	1,825 head	16,127 head
Animal hides	209,017 units	803,556 units

Thanks to this sustained effort and to an increase in the prices of agricultural products, Venezuela again enjoyed prosperity in agriculture and livestock, which was needed to support the blood-letting of the federal wars, starting in 1858, and the interminable struggles that followed.

From the turn of this century until 1920, efforts continued to restore agriculture, still the backbone of the country's economy. It is to be regretted that, thanks to our lack of foresight and planning the proper utilization of the wealth produced by oil, this industry, which should have been a logical ally in agricultural recuperation, should become instead a cause of basic disequilibrium, decreasing the importance of the agricultural sector of the economy as a whole.

At the same time, it must be recognized that it was because of the progress of the oil industry that we were able to carry out

4. Pedro Grases, *Economic Society of the Friends of the Country*, Vol. I; *Venezuelan Historic-Economic Compendium*, published by the Central Bank of Venezuela.

TABLE 2

	1938	1945	1948	1950	1955	1960	1961
Population	3,534,167	4,267,835	4,686,621	5,058,170	6,202,482	7,478,588	7,759,665
Rate of growth	2.77%			3.03%		3.99%	
Electric out (000s of KW)			379,391	552,474	1,275,985	2,972,595	3,444,972
Oil production (000s of cubic meters)		51,417	77,904	86,929	125,184	165,613	169,444
Iron ore out (000s of metric tons)				198.9	8,439.5	19,490.4	14,566.5
Cement production (tons)		115,784	214,513	501,005	1,282,195	1,487,008	1,513,140
Tires (units)		33,508	38,746	99,853	417,204	752,768	773,425
Stock subscribed in the Federal District (000of Bs.)	30,688	108,340	226,636	309,127	836,935	577,523	1,113,440
Govt. revenues (000s of Bs.)	340,345	659,638	1,776,438	1,917,000	1,991,085	6,167,326	7,164,828
(GNP, 1957 prices millions of Bs.)				12,727	19,325	26,433	26,881

the social overhead capital projects that have made possible the progress of today. The most important of these projects was the antimalaria campaign which incorporated into national development vast and fertile regions previously impossible to use, thus expanding the agronomic map of the country. Also of supreme importance was the growth in purchasing power of the population.

In spite of the lack of administrative continuity and of the multiple factors that affect our economic development, it can safely be said that the development of our country is presided over by a persevering zeal in making agriculture the bedrock of our daily sustenance and by the prospect of a better and more stable future.

In the year 1936, under the presidency of General Eleazar López Contreras, a major effort was launched to obtain greater agricultural development and to establish the means, methods, and systems needed to resolve the multiple problems of education, health, and economic growth.

During these last 25 or 30 years in Venezuela's national life, the country has acquired its own particular characteristics; many problems have become enormous in their dimensions, others have been solved, and still others have grown more complicated; but in spite of everything the balance struck has been positive, although much more could, of course, have been achieved. We have come a long way, but the road before us is so much longer that it appears at times that nothing has been accomplished. Table 2 indicates the rapid, and unbalanced, economic growth during the period.

Similar data may be found in the greater part of the activities of our national life. Table 3, for example, shows the development of our foreign trade.

TABLE 3

	Exports	Imports
1946	Bs.1,449,110,671	Bs. 987,155,774
1957	Bs.7,928,360,591	Bs.6,140,317,960
1960	Bs.8,446,570,000	Bs.3,552,890,000

The outstanding features of the trade figures are the unusually large total for 1957 imports, the 1960 growth in exports and the drastic decline in imports that year.

One important indication of development is the figure for the imports of machinery, instruments, and equipment which rose from Bs.43,875,000 in 1938 to Bs.1,490,772,000 in 1957 and to Bs.2,396,000,000 in 1961.

It is of equal significance that in 1936 per capita consumption of foodstuffs was at the level of Bs.380 and oil production was 442,514 barrels per day. It was at this time that Venezuela began to search earnestly for sources of wealth other than petroleum, a search that was seriously hampered by inadequate domestic consumption, by production costs that were too high to permit competition in export markets, and by the possession of a strong currency in the bolivar. While a solution was being sought for this grave problem, oil production continued to climb and per capita consumption of foodstuffs in 1958 reached a level of Bs.630. Currency in circulation increased from Bs.344 million in 1941 to Bs.4,017 million in 1958, dropping to Bs. 3,489 million in 1961.

Unfortunately, our lack of foresight meant that this rapid development was not reflected in a substantial increase in our agricultural resources with the result that our sources of supply, beginning in 1936, failed to keep pace with the advances in other sectors of the economy, and these sources shifted successively from Palo Negro or Guacara to Denmark, the United States, the Netherlands, Poland, Cuba, Ecuador, the Sudan, and Peru.

A clear idea of the disequilibrium which prevents us from speaking of an agricultural Venezuela is given by the fact that agriculture's share of the Gross National Product in 1950 was 14.4 per cent, in 1955 it fell to 8.1 per cent and in 1960 to 6.8 per cent. The importation of foodstuffs rose considerably during this period. Using 1948 as the base (100), the unit value of food imports reached 193.2 in 1959 and dropped to 114.9 in 1961.

II. The Present Situation

Despite our lack of continuity in agricultural development programs and the frequent want of adequate means to compensate for the impact of the oil industry, Venezuela has progressively capitalized on the efforts to secure adequate agricultural development, at least with respect to the growing purchasing power of our domestic market.

This is clearly indicated in import statistics, from which a whole series of items until recently imported have disappeared, such as

rice, sugar, potatoes. At the same time, there has been a substantial increase in the production of some articles that are still being imported, including milk products, eggs, vegetable oils, and cotton.

It is warming indeed to see how the production of such articles has increased in Venezuela. The following instances may be mentioned: in 1949, 3,000 tons of frozen chicken were imported and retailed at Bs.9 the kilogram, while in 1961 the production of fresh chicken was 25,000 tons, which retailed at Bs.5 per kilo; using the 1950 production of beef as 100, the index rose to 165.9 in 1959; pork rose from 100 in 1950 to 153.7 in 1959; about 1 million eggs were imported daily in 1957, and domestic production reached that same figure in May of 1961; and, finally, the production of pasteurized milk rose from 13,625,000 liters in 1945 to 139,264,000 liters in 1958, an increase of 885 per cent, and to 160 million liters in 1961.

TABLE 4
AGRICULTURAL PRODUCTION
(tons)

	1951	1959	1960	1961
Sugar	49,701	154,581	193,978	216,296
Rice	40,000	38,586	71,862	80,658
Sesame	2,260	16,230	24,868	24,868
Cotton	13,320	25,032	24,947	36,380
Potatoes	32,011	93,127	133,594	179,977

The index of agricultural production as a whole rose from 100 in 1946 to 156 in 1956, and payment to agricultural workers increased from Bs.541 million to Bs. 647 million.

Agriculture's share of the GNP in 1950 was Bs.1,014 million, increasing to Bs.1,576 million in 1958. During this period, gross agricultural investment rose from Bs.345 million to Bs.540 million.

While total imports rose 48 per cent between 1950 and 1955, the imports of food, beverages, and food products rose only 9 per cent, in spite of the fact that population growth during the period was 15 per cent.

Although the domestic market was flooded with imported articles that were also being produced in Venezuela, there now set in an

admirable development of agriculture spurred by growing domestic demand, remunerative prices, and ample credit facilities made available with the creation in 1946 of the Venezuelan Development Corporation. The total impact of these factors, in particular the increasing demand, led to the surprising increases we have referred to. Also of significance was substantial investment in agriculture by the private sector.

Together with these increases, there was a rise in the productivity of our rural population. In spite of the over-all production increase, this population fell from 65 per cent of Venezuela's total in 1936 to 46 per cent in 1950. Since that year it has remained relatively stable, although there has been a growing tendency in recent years toward migration to the large cities. From 1941 to 1950, the agricultural population increased only 10 per cent, while the remainder expanded 65 per cent.

Agricultural research and experimentation, the basic functions of the Ministry of Agriculture, have played a preponderant part in the rise in productivity of agricultural workers and, consequently, in agricultural production.

An example of the expanding domestic market is the case of the market for eggs in Caracas, which was oversupplied in 1936 with the output of one farm of scarcely 200 hens; last year, this market absorbed the greater part of the 365 million eggs consumed in the country, the equivalent of the production of 1,825,000 laying hens.

Reviewing all these figures and the manner in which agricultural production has improved in the last 15 years, in spite of the fact that Venezuela does not boast of unusual conditions for agriculture, we must reach the conclusion that the balance struck has been on the plus side.

Nevertheless, Venezuela continues to import substantial quantities of agricultural products, with a value of Bs.496 million. To attempt to produce the equivalent of the deficit articles imported in 1958 would mean facing up to the tremendous task of creating jobs for almost 295,000 people, which would require an investment of Bs.3,000 million, which, in turn, would increase the income of the rural sector by Bs.1,666 million per year.

III. Prospects for Agricultural Development

Like many another country, Venezuela faces a very serious unemployment problem whose solution is indispensable to its eco-

conomic development and social stability. The problem is aggravated by the fact that more than 50 per cent of the population is under 19 years of age, and the work force is increased each year by about 100,000.

Government and people, realizing the gravity of the problem, have carried out continuous and praiseworthy efforts to create new sources of jobs through the progressive industrialization of the country, thanks to which some 65,000 jobs have been created during the last three years. However, this figure is so insignificant in relation to Venezuela's needs that other means must be devised to solve the unemployment problem, in addition to stepping up the process of industrialization.

Two possibilities suggest themselves. One, the most widely used and perhaps the easiest with the quickest visible result, is to increase the activity of the construction industry and public works; this is the most readily accessible solution to the problem, but it carries with it certain elements of risk which militate against its adoption as a definitive solution. The second is industrial expansion. But, even assuming optimum industrial development and the greatest effort possible in both government and private construction, we would not approach a solution of this problem; budgetary limitations on the one hand, and the inevitably slow process of industrialization on the other, in addition to the inability of the domestic market to absorb the products of a great industrial complex, would combine to frustrate our purpose.

Consequently, we must have recourse to other measures which, together with those just cited, would give us, if not a complete solution, at least a substantial contribution toward the creation of new, stable sources of employment.

We reiterate that Venezuela, while not constituting an agricultural country par excellence, possesses the natural, economic, and domestic market factors which are sufficiently favorable to support intensified exploitation of the soil and its resources. This, together with sound and rapid industrialization and an expansion of the construction industry, would supply the framework for securing the social stability that we so urgently need, raising the standard of living and satisfying fully the essential needs of the population.

Venezuela's agricultural production increased from a base of 100 in 1957 to 102.3 in 1958, 107.6 in 1959, 118.7 in 1960, and 122.2 in 1961, or a total of 22.2 per cent. The value of this production, excluding fishing and forest products, rose from Bs.1,418 million

in 1958 to Bs.1,682 million in 1961 (in 1957 bolivars). However, food imports have also increased, as shown in Table 5.

TABLE 5
FOOD IMPORTS
(in millions of units)

	1958	1959	1960	1961
Kilograms	398.12	345.09	685.31	732.11
Per cent*	13.3	11.8	30.03	34.0
Bolivars	340.82	409.01	523.35	496.52
Per cent*	7.1	8.1	14.7	14.1

*Percentage of food imports in relation to total imports.

We are confronted here with the blunt fact that Bs.500 million left the country in each of the last two years to pay for food imports that can and should be produced in Venezuela (with the exception of wheat and barley which in 1961 had a value of Bs.113,800,380).

What it would mean to Venezuela's economic development to produce from our own soil the foodstuffs that our domestic market is forced to buy abroad has been mentioned earlier.⁵

We pointed out on that occasion that Venezuela is in an excellent position to achieve her agricultural recovery. Following are the factors favorable to this:

1. Well-situated land, not now under cultivation, which could more than cover the deficit from land already in cultivation, plus farms that are now operating inefficiently.

2. A substantial domestic market now supplied by imports, which could absorb production from new areas put into cultivation, as well as the increased production that could be obtained from more efficient operations on substandard farms.

3. Credit and other financial facilities.

Properly employed, these factors together would increase general economic welfare, broaden the consuming sector, and create the sources of employment needed by Venezuela's vigorous population, one of the youngest in the hemisphere.

5. Eduardo Mendoza G., article in issue No. 4 of the magazine *El Mes Económico*.

As we have seen, Venezuela can easily produce grains such as corn, milo, and rice; vegetable oils, cotton, sesame, copra, hemp, ramie fiber, beef, pork, mutton, chickens, milk and milk products, fruits, vegetables, and garden stuff. She is also able to develop industries to process these products.

There is at present a strong movement in defense of our economy which will free our domestic market from the competition that imports give national production; we are also witnessing intensive campaigns by the most diverse national industries for consumption of Venezuelan products; furthermore there is whole-hearted official support for this sound policy which holds the solution of the gravest of our current problems: unemployment.

It may also be pointed out that the well-spring of development represented by a sound agricultural policy is far from drying up. Coffee and cocoa, Venezuela's traditional crops and her only agricultural exports, should be pushed, with larger plantings and serious efforts to increase productivity, even though the present international market is over-supplied and highly competitive. Unless this is done, coffee and cocoa will also become import items in the future. Table 6 clearly illustrates the decline in cocoa production, with 1961 production of 9,051 tons only slightly more than half the 1950 output.

TABLE 6
PRODUCTION OF COFFEE AND COCOA, 1950-61
(metric tons)

Year	Coffee	Cocoa
1950	33,983	16,887
1951	43,294	17,000
1952	54,000	16,000
1953	44,808	16,000
1954	53,427	15,000
1955	46,295	15,000
1956	58,000	16,000
1957	50,323	15,229
1958	61,819	14,769
1959	54,597	12,073
1960	55,072	8,485
1961	53,502	9,051

An important point that must be borne in mind, with respect to

coffee, is its value as a weapon against erosion and as a factor in climate improvement because of its contribution to forestation of mountainous zones.

From what has been stated, it is clear that agriculture offers Venezuela the immediate possibility of creating 295,000 jobs, of improving the balance of payments in the amount of Bs.500 million, and of raising the gross income of the rural sector of the country by Bs.1,666 million (1957 value).

To do this job would mean carrying out a tremendous project of economic development through agriculture and through the sound utilization of natural resources. Assuming that the necessary means for its realization were available, we would still have to work out the *modus operandi* to carry it out.

One possibility would be to establish private companies or to expand existing enterprises that would assume the responsibility for producing in the near future all agricultural products now imported as well as those which will have to be imported shortly if production is not raised. This would lighten the administrative burden of the government, would save foreign exchange, and would create the sources of employment which we so urgently need. But it would also have the defect of placing responsibility for agricultural development and progress on one sector alone, that of large and medium farmers, in prejudice of the peasant or share-cropper (*conucero*), who should play a part. More properly, this is an undertaking to which all sectors should contribute. It should be a joint project of all, united in an effort to obtain the economic recovery of the nation as a guarantee of democratic stability, its goal greater per capita income for all, regardless of status, thus combining with the greater production of goods and services a more equitable distribution of the new wealth.

In contrast with other less fortunate countries, we have all the necessary elements to achieve agricultural development: the ability to carry out an ideal and reasonable agrarian reform for greater production and greater per capita income, in which the social aspect complements the benefits to be derived from the increased wealth.

With the passage of time and the employment of modern analytical methods, one arrives at the conclusion, based on conviction and not on emotion or political oratory, that the realization of an agrarian reform program is a valuable instrument for economic development. In addition to increasing production and raising the standard of living, it frees its beneficiaries of old shackles and con-

verts them into a responsible and decisive factor in the economic structure of the country. The positive aspect of this process is not the breaking of old patterns, but the forming of a dynamic new economic structure, whose objective is not that there should be fewer who have more, but that there should be an ever-increasing number who have more, and that the number of people who share in the rising national income likewise shall be ever larger.

There is unanimous agreement that agrarian reform should be used as a tool to solve development problems, whether in underdeveloped countries or not, and the countries that need it are not to be found only in the New World or in the awakening Afro-Asian area. As the working tool that it is, it should be handled with efficiency and impartially, using foreign experience where advisable but refusing to tie ourselves to rigid norms or principles that have been tried (successfully or not) in other countries. There is no imaginable single solution for the agrarian problems of all countries. Every plan must be adapted to local conditions, and this frequently leads to highly flexible solutions.

In any event, the goal is to incorporate into the economic development of the country a large segment of the population which at present stands for nothing as a factor in consumption, and for little or nothing in the use of services supplied by the working sector of the community. Unfortunately, this segment continues to vegetate marginally, outside national life, with multiple needs, with large families, and with a complete lack of education or purchasing power.

The only way of coping with the problem is to settle the peasant in such a way that his land becomes a means of production and not a last refuge. It is indispensable that his effort, also, should contribute effectively to national income. He must lift his productivity, a step that could be obtained, in the first phase, by providing him with the means of utilizing his present work capacity to the full. Those means are not necessarily always a tractor and a large farm; because of the peasant's lack of experience in handling modern tools of production, the acquisition of machinery and a large area to cultivate more often than not requires, in turn, the creation of large and complex organizations to work the land effectively.

There is a whole series of traditional farming activities, for whose products there is a ready market, in which it would be much more prudent to employ his present skills and knowledge, leaving to

modern education the task of training his sons into more skilled workers, who in the near future with their knowledge of the tools that modern technology puts at their disposal, will be able to perform highly valuable work on the farm, in industry, or in the services that contribute to modern civilization.

This can be achieved with a minimum of planning, and there is no intention in this suggestion of undermining the agrarian reform plan; on the contrary, such a step would save it from failure, and the important thing is that it should succeed.

In spite of its difficulties and its demands on us, we can confidently state that the task we face is feasible. The existing agrarian reform law provides the legal means and establishes precepts of a social nature that fit perfectly into our proposal, which is aimed at increasing the real income of the rural population.

It would be possible to analyze the plans formulated by the government through the Coordination and Planning Office, the Ministry of Agriculture, the National Agrarian Institute, the Agricultural & Livestock Bank, and, particularly, the Plan of the Nation, and to mention their weak points, in order to strengthen them and to prevent them from becoming insurmountable obstacles. At the same time, the necessary incentives and instruments, now lacking, could be created so that we could proceed with all the means available to us, and through all effective channels, to wage a tremendous battle against time and against agricultural backwardness. We would thus succeed in integrating the rural population into the national economic process, and those who remain on the land would do so of their own volition, not because they have to, but because they want to raise their standard of living, not because all other roads, except that of vegetating in permanent underemployment, are closed to them, but because they have a keen interest in securing a better life from the land.

IV. Conclusion

Venezuelan agricultural production can be increased, creating new jobs, improving our balance of payments, and increasing per capita income of the rural population. These benefits would be reflected in increased purchasing power and in an expansion of the market for Venezuela's incipient industry. It is reasonable to assume this would contribute to greater political and social stability.

The essential elements—land, manpower, and a domestic market—

are already available and the only thing lacking, in addition to adequate financing, is the firm and unswerving decision to proceed with energy and determination to solve our agrarian and development problems.

A sound plan of procedure would be:

a. The social and economic consolidation of the farm colonies already established by the government.

b. Planning rapidly and effectively, the immediate and future work that must be done by the National Agrarian Institute, on the basis of experience to date and taking into account regional socio-economic factors but not in such a way that it will cause bureaucratic delays in the useful realization of the agrarian reform program.

c. Consolidation and stabilization of the position of the farm owner who is fulfilling the social function of land ownership.

d. Expansion of present agricultural credit sources:

1. Assigning all resources of the Agricultural and Livestock Bank to farm credits.

2. Establishing a new banking organization with official, private, and international resources to finance the so-called entrepreneurial sector, on both a short- and long-term basis.

e. Improvement of the present marketing system for farm products.

f. Subsidization of farm exports not only as a means of earning foreign exchange but to create new, well-paying jobs.

g. Introduction of new crops that can compete in foreign markets and intensification of existing crops that are already competitive.

h. A program of planting trees whose wood can be used in the manufacture of paper pulp, not so much to save foreign exchange as to carry out a sound reforestation policy, and to provide jobs for those people who now inhabit the "poverty belts" around Caracas, Maracay, Valencia, and Puerto Cabello.

To contribute to the agricultural development of any country is always a meritorious and praiseworthy work, whose benefits will endure through the ages; to contribute to the agricultural development of Venezuela is all that and much more, a titanic task because of the difficulties inherent in the land and in the people who work it. It is still more. It is a labor of human and social conquest on behalf of man himself, on the altars of individual freedom, of freedom of thought, and of the realization of our highest efforts on behalf of a free and sovereign people.



Víctor Manuel Giménez Landínez: OBJECTIVES AND REQUIREMENTS OF AN INTEGRAL AGRARIAN REFORM

AS PRODUCTS of the fusion of different races, we Venezuelans are united in the past by a traditional love for liberty and by the struggle and sacrifice to obtain it, and today and in the future by the conviction of common duty and destiny: the struggle for a world in which the ideals of social justice, political liberty, and economic prosperity will be a reality.

We shall have to overcome, however, great difficulties to obtain the conquest of these goals and ideals. But there is no doubt that only by redeeming the immense rural population which inhabits this *mestizo* continent from its backwardness and from the inhuman standard of living at which it has lived for centuries, shall we have the right to speak of progress, of justice, and of liberty.

The rural population of Latin America, with its 180 million people, represents 54.2 per cent of its population. But it is an immense human mass, dispersed in a big, almost empty territory. The total population of Latin America represents hardly 6 per cent of the world population, with a demographic density of 8 inhabitants per square kilometer, whereas Asia has 54 and Europe has more than 80. The rate of growth is quite high; so high, that some, blinded by the enormous development problems they bear, have begun to consider the necessity of its reduction by birth control, which signifies collective suicide; for no one should question that the primary element for the development and magnitude of a nation is its population increase. This should not induce us to assume pessimistic attitudes, but it should make us understand the

immense task before us and stimulate us to act with the efficiency and urgency that the moment requires.

This, as is stated, applies especially to the rural sector, where, more than in any other, there exists an extreme urgency to attain a high level of development: (1) because it is the most backward and depressed sector, (2) because it is, and will be for some time, the sector with the largest active population, (3) because the industrialization process can not yet reach levels which will permit the absorption of the rural population, and (4) because it is the sector in which the population growth is the greatest.

To attain a just and true development of the rural sector, to redeem it from its backwardness and misery, to attain for its members a higher level of income and purchasing power, to attain a total transformation so that "the land be for the man who works it, the base of his economic stability, the foundation of a progressive social welfare, and a guarantee of liberty and dignity which he deserves as a human being": this is what in Latin America is called Integral Agrarian Reform, a motto and a banner to whose appeal these nations answer, searching for a better future.

I. Objectives of the Integral Agrarian Reform

Venezuela, a nation in development, has understood that, without this integral agrarian reform, it could never attain its goal of a true and stable development. The industrialization process itself requires as a basic support, a prior or, at least, a simultaneous agricultural development, not only because agrarian reform and the livestock and agricultural development are a key to the better distribution of income and to a greater political and social stability, but because, without the incorporation of this third part of the population into the consumer market, the true demand necessary for the stabilization of investments in industry could not be achieved. It is also the only way in which the shift of the agricultural population to the industrial sector could be attained, not only due to an abandonment of the rural area, but because of a need for industrial workers.

To this effect the Integral Agrarian Reform of Venezuela developed two objectives: one, inspired in social justice, was to achieve a better distribution of the land, that, although immense and empty in the plains and in the Guayana, was concentrated among a few in the central and populated regions of the country, produc-

ing the double phenomenon of excessively large landholders and extremely small landholders, equally harmful. A graph of the ownership of land (in the Agricultural Census of the country) shows that in 1956, 74.45 per cent of the agricultural hectares were in the hands of 1.68 per cent of owners (or who possessed agricultural enterprises) with farms larger than 1,000 hectares, while 80.64 per cent of the landowners had only 3.79 per cent of the area distributed in small farms with an average of 3 hectares per farm, with the natural consequences of the absentee landlords and indirect cultivation of the land on one hand, and backwardness, small investment, untechnical practices, low rentability, nomadism, and anticonservationist habits on the other. Moreover, of the 398,000 "units of agricultural exploitation," as they are called in the Agricultural and Livestock Survey of 1956, only 100,000 held title to the land; 103,800 were tenants or sharecroppers or partners who worked another's land, paying rent usually to absentee owners, and 194,023 were precarious occupants of lands without title, which makes us assume they worked public or semipublic land.

From the economic point of view, the situation may be summed up as this: only a small part of our arable agricultural area was actually under cultivation, while the greater part remained without cultivation as unimproved grasslands, brushlands, or fallow land. This brought about a great delay in production and a void of interest in productivity to such a degree that, dominated by an oil economy, we considered it easier to import food products than to produce them; and we had been converted practically into a food importing country whose monetary outflow for this concept alone represented Bs.600 million in 1957.

More than any place else, the agrarian reform in Venezuela could not be content with the archaic criterion of a simple distribution of land. For this reason we are trying to achieve an integral agrarian reform which comprises not only the distribution of the land, but also the special type of credit which agriculture needs and deserves, the technical assistance necessary to obtain the high yields, and a marketing system that guarantees the sale and price for the products of the field, without which an increase of income for the farmer would not be assured. The agrarian reform, thus conceived, on solid legal bases, not only recognizes the right of ownership of the land for the men who work it, but all that which is indispensable to make it produce, so that by maximum production the farmer may obtain adequate remuneration to satisfy his necessities and

those of his family. This legal concept, which recognizes these basic rights of the farmer, land ownership, agricultural credits, technical assistance, a guaranteed market, sets a guide within this new branch of law which, under the name of agrarian law, asserts in the world today its great and enlightening content.

The objective of our agrarian reform is not a simple increase in production, nor any special production goal, nor a simple and cold redistribution of land. The objective of our agrarian reform is the welfare of the man who works the land, defined as progress, justice, independence, and liberty for the man who lives from the land. On this basis, the Venezuelan land reform does not urge the disappearance of private property nor its liquidation by means of socialist or communist processes. On the contrary, it seeks to democratize the property, that is to say, to make it available to those people who live and work directly on the land and, for that reason, its basic objective is to create the largest number of agricultural landowners; there will be less proletarians, and this will strengthen the rural middle class so that it may become a factor in the stability, continuity, and social progress of our country.

II. Characteristics of the Venezuelan Law

Venezuelan agrarian reform does not set a mathematical limit on landholding because it considers agriculture a depressed area of the economy, and, rather than limit the efforts of man, it should stimulate man to dedicate himself to the land and to remain on the land. For this reason, the only limitation set on private ownership of land by the Venezuelan agrarian reform is the fulfillment of a social function, demarked in our law principally by the fact that the land should produce efficiently and should be cultivated directly by the owner; that is to say, that it is not being exploited by indirect systems of tenants, sharecroppers, or partners, systems that have been the source in Latin America of great social injustices, since through these condemnable practices, for centuries, man has been exploiting man. It is also in the spirit of the law that in areas of great demographic concentration where there is a necessity for land for the farm population with no other means, the expropriation of some farms, even if they are being cultivated by the owners, may take place. However, this is an exceptional case and is carried out with a special type of indemnification.

III. First Results

The process of execution of the reform is promoted, in accordance with the law, by the farmer himself who requests land at the Institute created by the government, which, after analyzing the situation makes the decisions pertaining to the expropriation and redistribution of farms. Up to December, 1961, farmer organizations had made requests representing 84 thousand farm families who had worked on another's land and who hoped for ownership of land. Up to the present, land has been granted to 53 thousand of these farm families who as tenants in danger of eviction constituted the sector most urgently in need of the reform. At the present moment, the National Agrarian Institute is working to attain the consolidation of these families on the land which has been granted to them by means of the realization of basic works such as irrigation canals, electrification, rural education, housing, and rural aqueducts; and at the same time, by means of loans and technical assistance, initiating plans for production to achieve the goals which serve as a base for an increase in the farmer's income. Already, in this year of 1962, the first massive educational plan in modern methods of cultivation of an agricultural product took place; in this case corn was selected, a well-known crop by tradition to our farmers. Fourteen thousand farmers, family heads, received this type of teaching on their own land. Utilizing these methods, they achieved in a total of 70 thousand hectares—distributed among 12 states of our country—more than 100 per cent increase in yield per hectare. This program, called the Corn Production Program, increased the production of this grain in such a way that, in spite of an increasing demand, it will prevent importation and completely guarantee the necessities of the internal market. It also established a new method in extension work and in agricultural loans, which combine production, productivity, and income. Because of this, new plans have begun with sesame and cacao, to form the base for a profound transformation of the man in the country into a true farmer—the key to the success of any well-understood agrarian reform.

This process of agrarian reform—whose principle is the social function of the land—has permitted, or at least has not impeded, the achievement of all these levels of agricultural production and has reduced the imports and the monetary outflow for this concept. In 1960, the first year of the agrarian reform, the landowners,

stimulated by the legal fact that guarantees respect for private property (if under cultivation by them), and the farmers by a special development of agricultural credit, helped to achieve an increase of 21 per cent of the area cultivated in the country; and, although the productivity decreased some, agricultural production rose in an exceptional manner at a rate of 10 per cent, as compared to the average for the ten preceding years. During 1961, although the levels of productivity improved, those of production were lower because corn, the main internal agricultural product, was affected by a great drought during that year.

Today both agricultural production and productivity have entered into a process which can be considered as a definite recovery and ascent. Until two years ago one million eggs were imported daily, but today importation of eggs has been abolished and we even have faced some surplus problems. The production of tobacco not only increased in quantity and yield per hectare, but also the quality of the product improved, so that, after more than a hundred years of absence from international markets, we have begun to sell our surplus to some European countries. It is necessary to observe that two years ago there were large importations of tobacco in Venezuela and that today even North American brands of cigarettes are made in Venezuela with local tobacco. We have had a magnificent harvest of coffee and have achieved a level of self-sufficiency in rice, potatoes, cotton, corn, and others, and have had a notable increase in the production of sesame, tubers, etc., as well as an increase in production in the quality and yield of beef, pork, and fowl. There has been a notable increase in the production and exportation of fish and sea foods, especially shrimp. As this year ends, we may estimate very accurately that the growth rate of the agricultural product will be 7 per cent as related to last year, and not only in production, but in productivity, we may say that it has reached the highest level in the history of our agriculture.

IV. Future Problems

However, great problems appear anew on the horizon and present questions which should be answered with certainty if we wish to guarantee the success of economic development, especially the agricultural development, not only in Venezuela but in many Latin American countries. Founding ourselves concretely on the

Venezuelan experience, we may say that the course is clearly set as to investigation, agricultural extension, services, and investment in infrastructure, including in the field of irrigation plans being carried out by the integral agrarian reform which will signify an increment in the irrigated zone of the country of close to one million hectares within the next years.

The foregoing has been realized and achieved with our own resources, now over Bs.2 billion, without any foreign aid. Just recently several loans have been approved which will permit us to attempt our programs and projects, since decided upon, such as those of supervised agricultural credit at medium terms, the consolidation of farm communities, livestock credit, and others. A problem to be solved is the marketing of agricultural products. We dare say at this moment that the limiting factor for agricultural and livestock development may be the marketing factor. Evidently, even in countries with great agricultural and livestock deficits in the past, as Venezuela, which had abandoned themselves as an agricultural or forestry country, the level of self-sufficiency is relatively easy to attain. Much more difficult is the solution to marketing problems and, above all, to have clear ideas when confronted with the problem of surplus. I should like to make special account of this matter in the hope that it may be useful, not only to nations like us at this stage of development but also to the United States, who are sincerely interested in understanding Latin American reality and the opinion of those who have the responsibility of leadership.

It is evident that the principal goal of Latin American governments is to level out the demographic growth and the rate of economic development. This task is made even more difficult, as we mentioned before, because of the demographic explosion on this continent with its average population growth of over 3 per cent. This is even more evident in Venezuela whose demographic rate, according to a report between the census in 1941-50, was 3.3 per cent, but which rose to over 3.7 per cent in the decade of 1950-61. Without the existence of proportion between the demographic and economic growth, no one should be surprised by the phenomenon of unemployment, of idleness, or of social decomposition. According to statistics, Venezuela is a country which must create a source of employment for 100,000 persons annually. To add to this burden, this task falls principally on the state, and we must make note that 50 per cent of the population is under 19 years of age. That is, there is a small adult population capable of creating jobs and

a large dependent population that does not create but demands employment. This excessively young population can be explained in our country if you will consider that, due to our oil income, medicine and education reached the interior before development. For this reason, in the new generations, infant mortality was reduced to low levels by control of death-producing elements; their growth has been very high, while older generations have been reduced by those adverse factors.

As you see, the problem is urgent, but if you add to this the fact that growth and development in advanced countries is even greater than ours, you will understand that the principal problem in Latin America is that everything must be done now, urgently, at a great rhythm and with very little accumulated experience. The development of Latin America is dramatic.

The problem is to know within which sectors of the economy these sources are to be created and whether they can be created rapidly to bring us to full employment. Extraction industries are not worth considering, because we know that they require very little labor. The petroleum industry in Venezuela, which contributes 28 per cent of the gross national revenue, employs hardly 2 per cent of the active population of the country. It is true that heavy industries and manufacturing require many workers, but the time required to establish these industries is not as short as would be desirable. They are limited by the necessities of planning and programming, by the specialization and preparation of the trained worker, by shortage of means for large investments that require the acquisition of material and machinery, and by problems of marketing. It is also typical of the Latin American problem that the demographic explosion is prior and superior to the industrialization process. We may say that Venezuela has lived a premature economy of services that has burdened excessively a budget which is supported by a nonrenewable resource such as petroleum. Thus the transfer of the surplus farm worker today and even more in the immediate future will be difficult to attain as a base for the real demands of industrial development. The rural exodus is higher than industry and services require, incrusting itself principally in official bureaucracy, exerting pressure on the budget, and making it unable to avoid the formation and growth of that new phenomenon which we in Venezuela call a belt of misery that surrounds the cities, represented by an immense mass of farm population which has come to the city in search of work, huddled in miserable huts,

easy prey in fact, for political adventure and the social decomposition preached by the agents of international communism.

How can this excessive rural exodus be avoided? By decentralizing services and the industrial process? Yes, but it is not enough, for the same phenomenon occurs in the main cities in the interior, and, as we have said before, we have not been able to attain sufficient industrialization, nor is this easy to achieve quickly without the risk of doing it artificially and without solid bases.

V. Demands for the Development of the Agrarian Reform

Evidently more impulse must be given to agriculture, at least for some time, for it continues to be the principal source of work in developing countries. But the impulse of agriculture, especially to greater yields and productivity, without having attained a great industrial development, brings with it a surplus difficult to place in internal markets as well as international markets. Therein exists a great danger because again agriculture is abandoned, allowed to sink into backwardness, and forsaken at the moment its products are placed on the market.

To avoid this, it is evident, granting that we must give special impulse to industrialization, that agriculture must not be abandoned. On the contrary, it must be stimulated and developed. To this effect amplification of the consumer market for agricultural products is indispensable, as is a guarantee that they will be assured a market, be it national or international. In Venezuela we may truly say that we should not speak yet of overproduction, but of underconsumption. There is a great mass of population that does not consume for lack of acquisitive power. It is the same human mass that lives in the countryside for lack of an integral agrarian reform or which lives in misery around the cities for lack of sufficient growth in the industrial process.

How can we place these agricultural products, largely perishable, among the underconsumer mass which has not yet the means to acquire these products? We do not believe that a give-away system can be effective. There is no other way than to lower the prices to the level of the consumer's capacity. But this is not always equal to a fair price desired by the farmer; and, although agriculture has increased its productivity, we know that the exchangeable relations between different sectors of the economy unfortunately do not permit the translation of high agricultural yields in proportional

income for the farmer, because the high cost of farm labor, deficiency in the credit system, and losses due to a lack of storage and good distribution facilities often raise costs to the farmer, and for that reason he is unable to lower food prices substantially. The cost of labor cannot be reduced, not only because labor organizations impede it but also because their aspirations to obtain a sufficient salary are just, and because they themselves are increasing their acquisitive power. Industry and commerce, which maintain the prices of agricultural machinery, herbicides, and insecticides, might sell cheaper, but it is also true that the demands and obligations to their workers are also great, as is the interest of the industrials in defense of their dividends. In brief, although it would be desirable that the farmer could offer his products cheaply enough to open our markets, it would be at the cost of his own ruin, of his income, and of his ability to improve productivity.

Thus, if the agricultural producer cannot lower his prices to enable a larger market and if neither industry nor labor reduces its demands which would allow the farmer to produce more cheaply, the only way to break this knot is for a third party, with sufficient power to do so, to promote the amplification of the market, even if it means the transfer of capital from the public sector to that sector with the greater necessity because it is weaker in the defense of its interests and which, at the same time, is the one which produces those foods required by the country.

This is the agricultural sector, that is, the rural sector. This is even more justifiable if we consider that while executing an expansive program of agrarian reform, of redistribution of the land, this practice of supporting prices benefits not a privileged group, but its humbler classes, the country's producers. To this end, apart from the indispensable and urgent investments in investigation, extension, statistics, livestock sanitation, and indispensable infrastructures, such as irrigation, roads, and rural electrification that the government has realized, it is necessary to do something more.

VI. "*Planting Petroleum*"

In Venezuela, the first Minister of Agriculture, Alberto Adriani, gave us a key to progress when he originated a now famous phrase, "planting petroleum." Venezuela is a country which has paid too high a tax to its own treasury, through its system of oil income, which benefited the fiscal department, but not the nation itself.

For that reason, it is not strange that at some time the government would assume a policy of special assistance to agriculture, not by direct investment but by those ways which will enable the reduction of the costs of agricultural financing and security for the market price of agricultural products—factors indispensable for a clear appreciation of the actual problematic agriculture of those countries in development, of which a conscientious understanding of its significance is necessary. Old Europe has understood that. Just as at one time agriculture was the mother of all industry whose capital was transferred to impulse industrial development, now it is necessary for the industrial sector to transfer capital to the agricultural sector so that it will not sink nor slip backward in its development. In this way we can explain the magnificent encouragement, incentive, and privileges that the industrial world in Europe concedes to the agricultural sector, through guaranteed minimum prices, low term loans, tax exemption, and even contributions for the acquisition of farm machinery. Here in the United States, where today the desirability of a parity price law is being discussed, a law which obliges the state to spend thousands of millions of dollars to support agricultural prices, perhaps it is necessary to admit that, at least for some time, it was the support that the country required for its grand industrialization process. Because, in general, it must be admitted that no country has attained a true and stable industrial development without first having attained and guaranteed a great agricultural development.

The Venezuelan agrarian reform has done a great deal concerning the marketing of agricultural products. The National Committee of Marketing sets annually, after serious study, a policy for minimum prices for the protection of the farmer. The National Boards of Production propose a joint plan among the public sector, the industrials, and the farmers, concerning production plans, conditions, reception of fruits, etc. This system has been particularly successful, not only in the defense of prices for the farmer but also in the classification and improvement in the quality of products for industry. In accordance with articles of the agrarian law, farmers have been supported in their aspirations for a better price for their products which they sell to industry and have been assisted in some cases to prevent a drop in prices for products such as sesame, cotton, tobacco, sugar, and milk. The Agriculture and Livestock Bank has made great efforts to fulfill the official policy of minimum prices, as well as storage, conservation,

and distribution of produce; and, to fulfill one of its most important objectives, it has promoted the creation of a new organization called Warehouses for Agricultural Storage (ADAGRO) which will undoubtedly contribute much to the solution of this problem.

But we are just opening the door, we are just beginning to walk on the dangerous terrain of self-sufficiency which induces restlessness and anxiety among rural producers. Will the government halt its action in favor of the rural sector? Will it abandon agriculture to the ordinary channels of financing? Will it continue supporting the budget which agriculture requires?

Confronted with these questions and by this anxiety which, I am certain, is common or may be common to all our countries in development, there can be only one answer, which will be summed up in this final message.

At no time should we neglect this integral agrarian reform which the people of Latin America see as a formula for the solution of its great problems. On the contrary, it should receive all the necessary stimulation, all the necessary incentive, to arrive at a level of efficiency and productivity necessary to maintain the desired level of employment in the country, to prevent the exodus that, disproportionate to industrial progress, puts pressure on the urban sector and the national budget so that, through this agrarian reform, agriculture may become an efficient instrument in the just distribution of wealth, and a foundation and a lever for a harmonious, stable, and true development.



Armando González: AGRARIAN REFORM, AS SEEN BY
THE LABOR MOVEMENT IN AGRICULTURE

TO EXAMINE Venezuela's agrarian problem in all its far-reaching complexity would require a large and detailed study containing both the analysis of cause and possible solutions. I shall not attempt this but shall present instead only a brief summary of the over-all problem as seen by the agricultural labor movement.

I. Origins of the Problem

The present agrarian problem in Venezuela has its roots in the nature of ownership of the land, which derives from the legal institutions and the usages of the conquest, the colonial period, and the Spanish empire. Among these principles, those of *repartimiento* (original land grants by the Crown) and of *encomienda* (a euphemism for enslavement of the Indians) established the foundations of the economic and social structure of colonial organization which, with minor changes, were carried through into the period of the Republic. These two principles contain the relationships in agricultural production that go to make up our agrarian problem.

Apart from the question of agricultural slave labor, which was solved at the middle of the last century, after a devastating revolution that created a state of social and political equality, the legal and economic circumstances of landownership and exploitation had undergone no changes.

II. Nature of Latifundism

Latifundism, or the ownership of vast areas of land, continues preponderant in the agrarian structure of Venezuela. In the economic aspect, it is characterized by:

1. The exploitation of man, rather than of the land.
2. Production of a self-consuming type.
3. Primitive methods of crop and livestock cultivation.
4. Utilization of land in an unplanned manner.
5. Certain feudalistic aspects in relations between landowners and workers, with respect to the owner's obtention of income.
6. Inefficient marketing practices.

Its principal social aspects are:

1. The economic subjection in which it places the peasant (small farmer) and the agricultural laborer.
2. The miserable living conditions it creates: a very low cultural level, lack of adequate medical care, chronic illness, insect pests, wretched food, irregular family life, and, paradoxically, the growth of families beyond the means of economic support that can be had from the land or from wages.

A direct effect of the latifundist regime is the small farm (*conuco*) of a hectare or more which the sharecropper holds at the pleasure of the landowner. This land is cultivated by primitive methods and usually suffices only for the food needs of the family.

Our peasant has by tradition been half farmer and half farm laborer. His work has been divided between that on the estate of the landowner and that on his small, uneconomic patch of ground, which, in almost all cases, has been granted him under conditions that keep him and his family at the beck and call of the owner.

In spite of these conditions, agriculture and livestock were the backbone of Venezuela's economy until the discovery of oil. When the latter took place, there also occurred a complex transformation of our economy. The rural population fled toward the oil fields and toward the city, drawn by the need of labor in the production, refining, and marketing of petroleum and by its allied industries. Agriculture was relegated to a secondary position. Venezuela's currency, the bolivar, became "strong," and it became easier and cheaper to buy food products abroad than to produce them at home. The production of the large estates fell and the profits from agriculture became very limited.

The new economic bases created new ways of life. In place of the old austere, restricted, and uncertain life, there came another, with its own ways and with its own problems that had to be attended to. The country was divided into two clearly defined spheres: that of the people who lived from the new extractive industry, and that of those who vegetated, with difficulty, in the mold of the traditional economy, incapable of satisfying the needs of a more advanced life.

Agriculture and livestock were increasingly abandoned, and it became steadily more difficult to correct the imbalance and distortion which occurred in these traditional sources of the country's wealth. The concentration of capital, industry, and labor in the cities was not accompanied by a comparable advent of new farming methods nor a change in the age-old relationships between landowner and agricultural labor.

Agricultural production continued to fall far below the level needed to satisfy national needs, and more than half the population became submerged in a sort of subeconomy. The census of 1950 provides eloquent testimony of the dominance of large landholdings in Venezuela, and these figures are reinforced by the 1956 study of the Ministry of Agriculture.

The 29,250,128 hectares of land under exploitation or ownership in Venezuela are divided into 397,823 farms, 74.75 per cent of which (21,993,630 hectares) belong to only 1.69 per cent of all owners, who have 6,759 farms of more than 1,000 hectares. In contrast, 80.64 per cent of production units are of less than 10 hectares, with a total of 1,118,710 hectares divided among 320,790 production units.

This makes for an average of 3.48 hectares in each of these units. These figures give us the stark reality of our agrarian problem with respect to landownership: overlarge and oversmall holdings. From the economic point of view, this means large areas of land not in production in the large holdings, and nothing but self-consuming production in the small holdings.

The situation created by these conditions (and by still worse conditions that existed at the time) was brought into sharp focus by the death of the dictator Juan Vicente Gómez in 1935. The country was jolted brusquely into a new era of freedom and open expression. Political leaders who flocked back to Venezuela from exile returned with a new and broader economic and social per-

spective, and they immediately demanded a reshaping of our rural economy through agrarian reform. From 1936 on, peasant unions, associations, and leagues were organized in the countryside, with the supreme goal of obtaining land and of improving working conditions.

The perseverance in that struggle and the pressure maintained by those organizations, together with the liberal, progressive, and democratic ideals of the time, led the government to promulgate an agrarian law which, although it was never applied, constituted a real triumph for progressive forces.

Then came the movement of October 18, 1945 (the overthrow of the government of Isaias Medina Angarita), which put into power the men who had been fighting for agrarian reform, headed by Rómulo Betancourt. For the first time our peasants enjoyed guarantees which were respected. Stability in possession of the land that they worked was one guarantee granted them immediately by the government. Furthermore, large estates seized from criminal speculators were divided and given to the peasants, and credit was extended them by the Agricultural and Livestock Bank, which, from its founding in 1928 up to that time, had granted credit only to large landholders.

In addition, peasants were elevated to the category of first-class citizens with the adoption of universal, direct, and secret suffrage. The regulation of farm working conditions, which had been on the books many years but had never been enforced, was applied in full, and the working conditions of paid farm labor were immediately improved. The farm labor movement acquired unprecedented vigor, and the Peasant Federation of Venezuela was established in June, 1947. In 1948, Congress passed a new agrarian law, setting up the National Agrarian Institute and more advanced conditions for the working peasant. Unfortunately, a little more than one month after this law had gone into effect, a military coup ousted the government of Rómulo Gallegos, and with it disappeared the possibility of the law's application, for the new government represented the interests of the oligarchy and the large landholders, and it based its power on the subjection of urban and rural labor to greater and more efficient exploitation.

The agrarian law of 1948 was annulled by the dictatorship in 1952 and replaced by an agrarian statute which legally condoned the abuses and arbitrary actions being committed against the peasants. The farms that had been handed over to the latter were

seized, their credit was stopped, and the regulation of farm working conditions once more was abandoned. Peasant leaders paid for their spirit of resistance in prison and concentration camps until the fall of the dictator Pérez Jiménez in 1958. On January 23 of that year, with the new democratic era, there was a revival of peasant organization. Their unions and leagues once more made their voice heard in the forum of the masses that were repressed but never dominated by the dictatorship. The injustices they had suffered during almost ten years of iron rule and the miserable economic situation in which they had been placed led to a series of excesses in the struggle to regain their rights. They invaded farms which they had formerly owned, and they returned, without due authorization, to the land they had occupied before, from which they had been ejected by inhuman landlords. The general political situation of the country was reflected directly in this 45 per cent of the population which suffered the worst possible living conditions. Agrarian reform was postulated immediately as the only solution to the nationwide problem. The provisional government, on September 26, 1958, issued a decree which established an Agrarian Reform Commission that was instructed to draw up a draft of a new agrarian reform law. The commission did its job, and the Minister of Agriculture of the present government duly presented the draft to Congress. After study by a special committee and after prolonged discussion and emendation, the present agrarian reform law came into being. With proper solemnity and in an atmosphere of intense emotion, it was promulgated by President Betancourt on the immortal battlefield of Carabobo.

In the discussion of the law, there was more than the mere question of a new legal measure; an honest and sincere attempt was made to deal with and to try to find a solution to a deep socio-economic problem aggravated by political factors. The attempt included efforts to exclude the expression of the interests of any particular sector and to give the law the character of a national undertaking to meet a fundamental problem toward whose solution the entire community contributed.

If we take as our point of departure the following admitted problems, there is no need to justify the agrarian reform:

1. The subhuman conditions in which our peasant lives.
2. The obstacle which extremely low purchasing power offers to our industrialization.
3. The deficit in our agricultural production.

Perhaps the gravest of these problems is the second one listed, the extremely low purchasing power of the great mass of our rural population. According to recent studies, the annual income of 20 per cent of rural families is Bs.400 and for another 13 per cent is only Bs.800. For an additional 14 per cent, income can be measured only by the meager production necessary to keep body and soul together.

In view of these circumstances, our farm organizations have had to establish a criterion and coordinate their efforts so that the agrarian reform would not be limited to a mere agricultural reform with the sole objective of overcoming the production deficit through the use of modern techniques and tools in crop cultivation. If this had happened, the misery and general living conditions of 45 per cent of our population would have continued the same as before or worse.

The relationships between peasants and landowners would merely have been replaced by a new set of relationships between landowners and salaried workers. The country would have been freed of the necessity of importing food, but the market would have continued to be confined to the same population and the growth possibilities of industry would have been hamstrung by the lack of rural purchasing power.

The agrarian reform law assigns a social function to landownership, and the right to hold land is subject to this condition. It is also drawn to conform to the current social process of Venezuela and to its basic economic goals. The introduction to the law expresses with utter clarity the philosophy which inspired it, and its first article specifies its basic objectives.

III. Agrarian Reform Action

The National Agrarian Institute (NAI), which has received approximately 100,000 requests for land grants, has carried out the following program: in 1959, before the agrarian reform law was actually promulgated, 5,874 families were placed on farms with a total area of 460,769 hectares. That year, Bs.31 million were spent in the development of these farms, and an additional Bs.1,015,818 in the acquisition of four large holdings. In that year, the chief activity of the NAI was dedicated to colonization and settlement, and the greater share of the land that was handed out belonged to the government or had been seized from dictatorship criminals.

In 1960, the first year of the actual operation of the agrarian reform law, a start was made on legal action against the latifundist structure, and 159 privately-held farms were acquired. They had a total area of 279,231 hectares and a value of Bs.108 million. Of this sum, more than one-third was paid in cash and the remainder in bonds of the agrarian fund. During the year, 25,221 families were settled on a total land area of 743,933 hectares.

In 1960, 113 holdings were acquired, with an area of 132,543 hectares and a value of Bs.82.2 million. The number of families settled was 11,074, on an area of 156,089 hectares. As will be noted, the number of settlements and the area of land distributed both declined, which was due to the fact that the supply of favorably-located government-owned land and land confiscated from representatives of the former regime had been exhausted. Investments in land improvements and development in 1960 amounted to Bs.42.1 million.

Through September of this year, 11,816 families have been settled on farms with a total area of 210,804 hectares; this area formerly made up 114 farms which were purchased for the reform program. It should be noted that 1,300 families were established on the land contained in 12 farms that were donated by the Compañía Shell de Venezuela.

Since the start of the agrarian reform program, 53,985 families have been settled on farms. Many of these families already have received the deeds to the land, while others have received only provisional title as part of a collective deed turned over to provisional land committees, in accordance with Title 11 of the law, referring to land distribution. The total area in hectares distributed to date is 1,576,495.

Land distribution plans for the remainder of 1962 call for the establishment of 4,241 families on 47,595 hectares. If these plans are carried out, it will mean that by the end of this year 58,226 families will have been settled on 1,624,080 hectares. Through July 31 of this year, 126 private farms, containing 113,632 hectares and worth Bs.41.3 million, had been acquired, and investments in improvement and development of the new farms totaled Bs.41.3 million.

The social conditions that prevailed when the agrarian reform was set up have had an important effect on the execution of the law, due to the necessity at the time for acting with great speed in a manner that did not permit adequate planning. The urgent need

was to create confidence among the peasants that the government was going to change the living conditions which had forced them into a state of rebellion, uncertainty, and social unrest. And the only way of doing this was to get them on the land quickly and to provide them with the economic facilities, such as loans, which would enable them to meet their pressing needs. If this had not been done, we would not now enjoy the position of being able to improve what has been done and to plan what remains to be done, because there would have ensued a situation of chaos whose results and consequences it was impossible to foresee.

There are many constructive aspects in what has been done under the agrarian reform to date:

1. Establishment of an atmosphere of law and order based on faith in the democratic and constitutional government.

2. The distribution of 1,576,495 hectares of land by the NAI.

3. The credit policy of the Agricultural and Livestock Bank which now has loans outstanding of Bs.80 million to peasants and of more than Bs.70 million to large farmers.

4. Organization by the NAI of farm implement service and of technical and administrative assistance to the new settlements.

5. The organization of production and service cooperatives.

6. The opening of thousands of kilometers of secondary and access roads by the NAI and the Ministry of Agriculture.

7. The construction of hundreds of houses by the NAI and the Rural Housing Division of the Ministry of Health and Social Welfare in rural population centers.

8. Farm extension services which have provided knowledge of the most modern farming techniques and crop cultivation to the new farmers.

9. The provision of higher yielding selected and hybrid seeds.

10. Expansion and increase of agronomic instruction centers for extension agents and the creation of practical agricultural and mechanized schools.

11. The broadening of the domestic market for consumer goods, with all the favorable implications that this holds for industrial development.

12. A national awareness of the need for carrying out agrarian reform so as to raise production indices and overcome the deficit of agricultural output.

13. Success in the campaign against illiteracy.

14. A higher level of health through improved living conditions, campaigns in favor of better health conditions, elimination of malaria, rural health services, and other aids to better health.

15. The integration of the farmer into the country's social process through education by his own organizations and by extension services and through participation in community development projects in which official agencies furnish needed materials and the farmer does the work.

16. The maintenance or relative improvement of productivity on both a national and per unit scale.

17. The installation of modern irrigation systems.

I would like at this point to comment on the 1960 and 1961 annual reports of the Central Bank, one of the most authoritative sources of economic information in the country. According to the reports, in 1959-60 there was an increase of 21 per cent in land under development and a production increase of 13 per cent; thus, ostensibly, there was a decrease of 8 per cent in productivity. Although technically correct, this is misleading because not all the land that was acquired could be put into production. During that year, much of the land acquired by the NAI in the agrarian reform program could not go into production immediately for one or more of the following reasons:

1. The land could not be cleared of trees.
2. It was turned over at an inopportune time for cultivation.
3. There was a lack of machinery to work the land.
4. There was not sufficient time to turn the land over to the peasants.
5. Some normally cultivated land was under floodwater that year.

In addition, the credit resources of the Agricultural and Livestock Bank were inadequate to satisfy all loan requests from peasants and from large farmers, which further reduced the area in cultivation. Furthermore, agricultural production is now much more widely dispersed and many farmers handle distribution and marketing without processing their production through reception centers, which makes an accurate tabulation of farm output more difficult.

This view is supported, in some degree, by the 1960-61 report of the bank, which in its analysis of agricultural production points out that, although production was down 2 per cent from the previous year, there was no decrease in productivity because "the reduction in the area harvested (8 per cent) was greater than the drop in production." Thus, although absolute production was down 2 per

cent, relatively, production increased 4 per cent. It should also be noted that although agricultural production as such was off 2 per cent, combined agricultural-livestock production increased 3 per cent, according to the report.

The sharpest drop was in leguminous grains, where production fell 44 per cent, but this was due to weather and not to the agrarian reform. There was a marked increase in the production of crops related to industry, a reflection of the stimulus which industrialization is giving agriculture through the creation of stable markets. In this connection, the following table is of interest:

TABLE 1
AGRICULTURAL PRODUCTION
(metric tons)

	1961	1960	1959	Change 1960-61
Rice (in husk)	80,658	71,862	38,586	12.2%
Corn	419,508	439,440	336,459	-4.0
Yucca	534,839	340,248	217,857	57.2
Sesame	24,868	24,868	16,267	-----
Cotton (unginned)	36,380	24,947	28,377	45.8
Copra	10,775	7,742	5,427	39.2
Peanuts (unshelled)	1,176	1,587	1,387	-25.9
Sisal	10,093	9,993	6,743	1.0
Tomatoes	65,889	49,340	58,753	33.6
Cocoa	9,051	8,485	12,073	6.7
Coffee	53,502	55,072	58,753	-2.9
Sugar Cane	2,369,265	2,133,758	-----	11.0
Brown Sugar	44,692	44,505	53,091	.4
Tobacco	10,360	9,222	6,215	12.3

As may be seen, in ten of these products of first-line importance in the food industry, there was an average production increase of 20 per cent, an average decrease of 10.9 per cent in three of them, and the other remained unchanged, making for a net improvement of 9.1 per cent. It might be said that the analysis is incomplete, since not all products are listed, but my point is to show that there has been a substantial increase in basic agricultural production, favorable to industrialization and to the progress of the agrarian reform program. In the complete list of products, there was a production increase in 15, a decrease in 14, and one of them (sesame) was unchanged.

IV. The Agricultural & Livestock Bank

The case of the Agricultural and Livestock Bank provides a good example of the way in which the agencies employed in the agrarian reform program come under constant review, with an eye to changing, correcting, and improving their operation. During the first year of the program, the bank operated under heavy pressure from many factors: lack of proper planning in granting of loans, lack of trained personnel, problems which were outside the bank's realm but which had to be dealt with, lack of repayment by loan recipients, and others. As a result, the bank was brought to the verge of a crisis. It was reorganized completely and is today a solvent organization which, this year, has extended a greater amount of credit than in any previous year, although this still has not been sufficient to meet the demands on it for loans. Its loan operations are detailed below.

TABLE 2
LOANS EXTENDED
(000 of Bs.)

Recipients	1959	1960	1961	1962 (1st 9 months)
Large farmers	75,100	43,400	45,200	68,010
Peasants	56,871	75,518	70,934	70,038

In the period since September 30, loans to large farmers in 1962 have gone over Bs.70 million and loans to peasants have approached Bs.80 million for the year.

To conclude my presentation, I would like to set forth the criteria that guide the federation and its membership. In our view, the agrarian reform program is a national undertaking in which the government is making an investment to achieve the following objectives:

1. To raise to the status of efficient producers and landowners the more than 38 per cent of our population that is made up of peasants who were formerly subject to inhuman and unjust social and economic conditions.
2. To convert this part of our population, which formerly vegetated in a kind of subeconomy, into a stable market for consumer goods, which will make possible our industrial development.
3. To cut the costs of agricultural production.

4. To supply, through abundant, low-cost production, the food-stuffs for the population and the raw materials for industry that will satisfy domestic demand and remedy the existing deficit.

5. To avoid the expenditure of foreign exchange spent on consumer goods and to divert it to the purchase of capital goods that will speed up the industrialization process.

6. To contribute to the general raising of living standards, particularly for labor, through lower costs of goods in general.

We believe that, by means of the first point listed, we will be able to achieve a much improved living standard for the farmers and peasants. In our opinion, the agrarian reform is neither a charitable operation nor a work of philanthropy designed exclusively to correct social injustice, but a patriotic, nationalistic, and decidedly progressive program aimed at integrating Venezuela's economy into a sound and cohesive structure instead of the distorted and unbalanced picture it has presented in the past. To elevate the structure of our rural economy, placing it on a par with our industrial and urban society, means to integrate it into a just and satisfactory society.



Gastón Vivas Berthier: AGRARIAN REFORM AND ALLIANCE FOR PROGRESS

VENEZUELAN ECONOMY is characterized by an extraordinary disequilibrium among its productive branches. If we analyze a few data, we see how this is a reality. Agriculture in Venezuela contributes only 6 per cent to the Gross National Product. At the same time, it occupies just about 32 per cent of its economically active population. On the other hand, the oil industry in Venezuela contributes about 29 per cent to the Gross National Product, while it occupies only 2 per cent of the working population force. We have taken the two most striking examples. This situation generates a tremendous disparity in the incomes of the Venezuelan working people. Our problem is not a matter of lowering the income of those who work in activities different from agriculture, to level the situation. It is fundamentally a matter of finding the ways and manners of raising the agricultural income and thus the income of the people who have farming as their way of life.

I. Agrarian Reform

At our present stage of development, nobody will dispute the need of an agrarian reform. It will enable us to reach a higher standard of living for our peasants—who make up the bulk of our population—to make possible for them education, decent housing, good food, freedom from hunger, freedom from unemployment, and freedom from other worries. It will also build a bigger market for our industrial development, incorporating thousands of new

consumers into the economy as fast as their income is raised. However, agrarian reform is commonly seen in two ways, both of them wrong and unfortunate. One way, the political: agrarian reform is a very appealing political banner. Seeing it in the political way, demagoguery can be easily made and one can easily gather political adherents and votes. The other wrong way: many people see agrarian reform as sinful due to its simplicity. It is just giving land away to the *campesinos*, the peasants. But agrarian reform is perhaps the most important program of any government of any Latin American country. It is not a simple program. It deals with economic, financial, and social problems. But it is based on farming and productivity. And farming in Latin America is in general, unfortunately, antiquated and primitive. We have no tradition of modern technology in farming. Our scientific investigation in agriculture is of recent origin and inadequate. It is difficult as yet to develop programs of modern farming in tropical countries.

However, farming and farm productivity need enormous capital investment as well as technical "know-how," which we lack, to make it a sound economic activity. But as we cannot wait until we have everything in order, we have to push programs which are not satisfactory, at least completely satisfactory by technical standards. The urge to solve the problems should not force us, however, to pile errors upon errors, especially errors that in the long run will be costly and create new problems.

Agrarian reform is not only giving land to the peasants. That is not a goal. It is simply a means, an instrument. We need to increase the income of our *campesinos*, to make them able to educate their sons, to build their homes, to have good food and enough food, to have decent clothing. Land is to be worked in a way that it produces good yields and incomes. It is impossible for any government, no matter how rich it may be, to bear the responsibility of educating, housing, feeding, clothing, giving medical assistance, and solving all the problems of every inhabitant of its country. We need to give the people ways and means of producing decent income so they can solve, or help to solve, their personal problems.

This is the way I see agrarian reform. It is a system by which the income of the inhabitants of the rural areas may be increased, a system by which they have the possibility to obtain land, financing, technical assistance, and advice to obtain good yields and prices for what they produce and sell.

A problem that has been arising due to an incorrect application of the agrarian reform is the fate of the true farmers, of those who not only possess land but who work it with modern techniques, who produce economically and create employment. This type of farmer should be respected and defended as a producer of national wealth. However, in the process of agrarian reform, this type of farmer, unfortunately, is being mixed up with and confused with the *latifundista*, the big landowner who does not use his land or who uses only a small part of it.

This confusion makes a big negative impact on good farming, causes dismay and distrust, and paralyzes new development or new expansion projects. This is a delicate situation which calls for careful attention. Any economical enterprise needs a minimum of insurance to be established, to develop, and to grow. It is most important in the process of agrarian reform to make definite, sharp distinctions between those who have farms in production and the *latifundista*, big landowners who do not work their land, do not sell it, nor permit the use of it. A system which is wrong, very wrong, is to take for agrarian reform purposes farms in production to be parceled and distributed among the peasants, breaking in this manner the economic unit and disrupting its functionality. In Venezuela—and it is the same in most Latin American countries—we have no problems of lack of land, but it has not been developed. We are not in the same position as, for example, the Central European countries where land has been used intensively and where there is no “new” land to use. It is too easy to profit from the hard work others have done to build a farm, especially if it is a profitable farm in tropical countries. The agrarian reform, as some have planned and carried it out in some of our countries with incredible simplicity, gives land to the peasants and lets them see what they can do with it. This will not work.

It is necessary that there be some sort of organization of the small parcels of land given to the peasants in cooperatives or in some other type of organization which will allow the small *parcelero* (5 - 10 hectares) to be able to use all the wonderful modern techniques of mechanization, pest and weed control, marketing, storage, and others. I have lived for the last seventeen years on my farm. I am not an absentee-farmer (one who lives in the cities but has a farm which he does not manage himself). I feel for my country and I worry about her. I have arrived at the conclusion, very crude and possibly wrong, that the old peasants must not be

our principal worry. We have in our rural zones thousands of youngsters of 14 to 18 years of age that are leaving the countryside, drawn to the cities with the hope of finding work which, unfortunately, does not always happen. This phenomenon is causing tremendous problems in all our Latin American big cities, around which there has been growing a "belt of misery," of people who come from rural zones looking for work and opportunities, people who not only are not skilled workers but are simply ignorant and unprepared. I think that we have to focus our primary interest on that big legion of young people in the rural zones. We should build—in a hurry—hundreds or thousands of agricultural vocational schools and arts and crafts schools.

We have peasants in the rural zones but we do not have farmers in the real sense, that is, people who know at least some elementary modern techniques of farming economically. All of our efforts, worries, programs, and works should be directed especially to making true farmers out of the young people of our rural zones. In this program the United States can help very much.

Agrarian reform is not a matter of forcing farming at any cost, with whatever yield and whatever money is left, if any, from the farming process. Agrarian reform should give to the peasants the land, financing, knowledge, and techniques so they can produce economically, with good yields and at low cost, so that their income may be increased and they will be able to live a decent life.

II. *Alianza para el Progreso*

I could not let this opportunity go by without saying at least a few words about the so-called *Alianza para el Progreso* program. In the past, while the United States was paying special attention and offering extraordinary financial facilities to countries all over the world, we, their Latin American neighbors, were almost neglected. This worried us and disappointed us. Our problems, our anxieties, our hopes and desires for progress, our needs and ideals have been almost unknown by most Americans. Geographically, we are your neighbors and it has been thought that because of this and other reasons we should be with you from every point of view.

Not long ago *Alianza para el Progreso* celebrated its first birthday. What has happened during this first year? This anniversary went by almost unnoticed not only in the United States but also in Latin America; I would say even less noticed in Latin America.

In the United States—at least—there were some declarations from Mr. Moscoso, and some discussions in the press by members of the Congress. In Latin America, I can say we hardly mentioned it.

I am not going to insist on a criticism that has been already made of *Alianza para el Progreso*, about the need for accelerating the program, eliminating red tape and bureaucratic difficulties which retard the effectiveness of it. That is something that Mr. Moscoso himself has pointed out.

Alianza para el Progreso is something that has worried me much. Recently I made a rapid survey, first among friends and people with whom I work (lawyers, physicians, merchants, and others) in Maracay and later on in Caracas with a specialized group of people interested in economic activities who should be better informed. To both groups I put the same questions. What is *Alianza para el Progreso*? What program is it carrying on in Venezuela? What benefits can our country expect to derive from it? How much money has been received through this program? All answers could not have been more vague. To be sure, they knew something about the motives of the program and that some projects—housing, schooling, water supply, and others—were being financed. But that was all. Did they expect much from *Alianza para el Progreso*? Maybe so, perhaps, could be; they did not exactly know.

I honestly think that this program might do much good. But it can also cause a lot of harm. At the present moment United States government officials and Latin American government representatives have big smiles on their faces. First, at the moment of handing out checks for millions of United States dollars; and second, when they are receiving those checks. But as I see it, this money is not a gift. It is a loan. It has to be paid back. And if it is not well and correctly employed, their faces will not be smiling when the time comes to pay it back.

As to the present, *Alianza para el Progreso* has been conducted as a government to government program. Things have been cooked at very high levels. Our common people do not know what is going on. I should say not only the common people, but most people, are not aware of what is being done or planned. But it does happen that everybody in these countries of Latin America will have to contribute to pay back the money that today is being borrowed and invested. We have the right to know more about it. This is why I have said many times that I would like to see

the *Alianza para el Progreso* program be transformed from a government to government program into a people to people program. That is to say, there must not be so much stress on official programs only. There must be *much more* information on what is being done and planned.

Through *Alianza para el Progreso* the United States is forcing Latin Americans to do just the opposite of what you have done in your country. Progress and economic development have been accomplished in this great country through private and free enterprise and private and free energy and work. *Alianza para el Progreso*, until now, is trying to develop official programs through government planning and government projects. This way of doing things puts almost every initiative, every movement, every thought, into official hands. Mixed committees with private and government representatives should be organized in Latin American countries so as to give opportunities for better knowledge and understanding of *Alianza para el Progreso* programs, as well as to utilize private initiative to the maximum.

Up to now we have seen great stress placed on social programs, such as housing, water supply, and schools, but very little is being done to develop our economies so as to allow us in the future not only to be able to pay back what is being borrowed today but also to have a sound economic structure for the future.

We Latin Americans do not like to have your people think they are being squeezed to give away their money as donations or gifts. It is necessary that they know and be sure that their money is being used through *Alianza para el Progreso* on a lending basis. On the other hand, it is necessary to inform them what is the true situation in Latin America and why *it is a must* that these countries be helped to develop if democracy and freedom are to prevail not only in Latin America but in the United States as well. Another important point which I want to bring to your attention is that through *Alianza para el Progreso* the idea is being pushed that it is necessary to reform the tax system through all Latin America. Problems and situations vary from country to country. Higher taxes in Latin America mean reduced public and individual saving capacity. And saving is a fundamental factor for developing a country.

Looking back in time, if North American citizens had been compelled to pay taxes similar to those they are paying today, we certainly do not think that the United States economy could have

progressed as it has. If you compare the tax level between North America and Latin America today you would certainly find differences. But the economic stages of development and the present status of both economies must likewise be considered. Some of our countries are at the present time in an economic stage which could well be compared with the economy of the United States in the late eighties or the first part of this century. Could the United States economy have developed in 1880 at the 1962 tax level?

With special reference to *Alianza para el Progreso* and regarding United States-Latin American relations, I must say something else. Year after year, products which we import from the United States, which we need and we like, increase in price due to higher salaries you pay to your workers, higher taxes, and increased standards of living of your population. But when coffee, for instance, goes up in price one cent per pound in the American market, there is a big fuss about it and you talk about speculation and other things. However, we absorb higher prices for your products. All this has to be corrected and better understood. Latin American nations are developing. We have tremendous pressures for bettering the standard of living of our people. We also need to pay better salaries and have better incomes.

Conditions for commercial interchange are unfavorable for Latin American countries. Our balance of trade is every day more and more unfavorable. Our balance of payments is more and more deficient. It is difficult for us to correct this situation when more developed and industrialized countries insist on perpetuating out-of-date structures in their economic relations with underdeveloped countries. According to some recent information, during the last ten years the prices of industrial products have increased 24 per cent in the international market, while, at the same time, the prices for raw materials have dropped 5 per cent. This means that today underdeveloped countries receive one-third less of industrial goods than ten years ago for the same amount of raw material; and at the same time their cost of production is growing higher.

The general manager of the Colombian Coffee Growers Federation, Dr. Augusto Gómez Jaramillo, shows us a good example of this. At a meeting of the Colombian American Chamber of Commerce in March, 1961, he said:

At the time that an explosive growth of population in Latin America and Africa is happening, the incomes of these areas are registering a considerable loss. Brazil, which exported \$1,562 million

in 1954, dropped to \$1,282 million in 1959. That means 18 per cent less in five years. At the same time Colombian exports diminished 28 per cent. In relation to the exportations of coffee between 1954 and 1959, Brazil was reduced by 23 per cent, Colombia by 24 per cent, and Mexico by 40 per cent. In the same period Colombian coffee fell in round numbers from 80 cents per pound on the New York market to 45 cents per pound.

Brazil dropped from 78 to 36½ cents, and African coffee lost even more. This reduction in price for coffee might be considered a natural phenomenon due to the superproduction of coffee that is well known to everyone and would not cause any special comments if it were not for the fact that this product contributes 85 per cent of the total Colombian income, 70 per cent of the income of Salvador, 64 per cent of that of Haiti, and 63 per cent of the Brazilian exchange. Lower prices mean reduced importation; lower prices mean lower income for coffee producers; lower prices mean, in summary, reduction in national income which affects everyone equally. It is disconcerting that a country such as Colombia can buy in the United States with a given amount of coffee, only two-thirds of what it could have bought in 1953. These figures are equally valid in relation to West Germany and the United Kingdom.

In like manner, Venezuela is receiving less income for a greater quantity of petroleum pumped and exported. Venezuela is in an unfavorable position in being required to give a larger quantity of petroleum in international exchange in order to buy the same amount of merchandise as it did before 1954. The same applies to Bolivia with its tin and to others.

In accordance with these data, it is clear that *Alianza para el Progreso* will remedy very little. On the one hand it offers United States dollars as a loan (even under the most liberal conditions you can imagine) and on the other hand our raw materials continue to be reduced in price with the result that we need to export larger quantities of these in order to get the same amount of exchange currency as previously.

In summary we can say:

The standard of living of the major part of our population is extremely low in comparison with North American standards, and this situation is irritated by a population explosion in Venezuela of 4 per cent per year in comparison with 1 per cent per year as a world average.

To improve a standard of living, large investments are necessary.

For these investments, we depend upon our work and our production to cover the necessities of the most urgent demands of our population.

At the same time our products are receiving a reduced price on the international market, our imports coming from developed and industrialized countries are continually costing more.

Alianza para el Progreso has been designed as a means to help the developing Latin American countries through a system of financing (*as a loan*) and technical assistance.

We might well ask: How in the world are we going to repay these loans if our national income is shrinking due to lower prices for our products? In my opinion, the solution is not (as some have suggested) merely a question of increasing taxes. Higher taxes reduce the saving capacity of an individual and saving is fundamental to the development of a country. Consequently, we believe that *Alianza para el Progreso* alone will not give the beneficial results expected of it unless it is coordinated with other measures designed to remedy the situations explained above.

Part VI

BIBLIOGRAPHICAL SOURCES



Nettie Lee Benson: VENEZUELA: A CASE HISTORY
OF DEVELOPMENT—BIBLIOGRAPHY AND
REFERENCE SOURCES

THE DEVELOPMENT of bibliographical and reference sources has moved constantly forward in Venezuela during the present century, especially during the past twenty-odd years. In the latter part of the nineteenth century and the early 1900's Aristides Rojas, Juan Piñango Ordóñez, Adolfo Ernst, Adolfo Frydensberg, Elroy G. González, Rudolf Dolge, Tulio Febres Cordero, Manuel Landæta Rosales, Víctor Manuel Ovalles, Luis Correa, Alfredo Jahn, Saer d'Heguert, Santiago Key-Ayala, and others were all contributing to this development, but the larger part of their work looked backward toward events and products of the nineteenth century rather than at those of their own day.

The development of bibliographical sources for contemporary Venezuela received its greatest initial impetus from Manuel Segundo Sánchez and José E. Machado, each of whom served at times as director of the national library. Manuel S. Sánchez may be said to have begun the movement with his *Bibliografía venezolanista*, in 1914, in which he listed books of other lands relating to Venezuela. Recognizing, however, the great need of a current national bibliography, he, as director of the library, initiated one by publishing, in 1917, the first *Anuario bibliográfico de Venezuela*. Covering the year 1916, it included books and periodicals published in Venezuela during that year as well as citations of works published elsewhere relating to the country. Material for the year 1917 was also collected and prepared, but not until 1936 was it

published, when it appeared in numbers 41-42 of the *Boletín de la Biblioteca Nacional de Venezuela*.

He next issued his *Bibliografía venezolana: nómina de los principales libros y folletos venezolanos, publicados en los primeros meses de 1918*. He had a broad vision of the many bibliographical needs of his country as is shown by his bibliography of the publications of the Ministry of the Treasury for the years 1830-1924, which appeared in both the Spanish and English editions of the ministry's *Bosquejo histórico de la vida fiscal de Venezuela* of 1924. Two other valuable contributions were the "Bibliografía de índices bibliográficos relativos a Venezuela," which appeared in the fifth issue of the *Handbook of Latin American Studies* for 1939 and *Bibliografía de las ediciones nacionales y de las extranjeras relativas a Venezuela incompletas o truncas*, a reprint of the same published in the *Boletín de la Biblioteca Nacional*, enero/abril, 1925. It lists 53 works in chronological order dating from 1723 to 1917. Much of his work still remained unpublished at the time of his death in 1945. One of these was the *Bibliografía de obras didácticas publicadas en Venezuela o por autores venezolanos en el extranjero*, which was published posthumously in 1946 with an introduction on his life and works prepared by Pedro Grases. Other works prepared by him are omitted because they relate to the pre-1900 period.

José E. Machado, as director from 1922 to 1933 of the national library, began in November, 1923, the publication of a *Boletín*. Most of the articles appearing therein between that date and 1933 were by Machado, although a few were by Sánchez. A catalogue of the national library began as an appendix with no. 2 and ran through no. 40 of 1933, at which time the *Boletín* was suspended, not to appear again until Jan./March, 1936, as 2a época, no. 41. Other material appearing in the *Boletín* from the pen of Don José were the "Lista de seudónimos y anónimos en la literatura y en la política venezolanas" (No. 19 of 1928) and the "Escarceos bibliográficos" beginning with no. 5 and running through most issues. He was the author also of *Cobre viejo*, which contains, besides "Anotaciones bibliográficos," essays with useful bibliographical notes.

Also during the period 1918-30 the library issued the following titles that are worthy of consultation: *Suplemento al segundo catálogo de la Biblioteca Circulante* (1918); *Cuarto catálogo de la Biblioteca Circulante* (1930); *Catálogo de la sección de bibliografía nacional* (1921), which contains some 2,400 titles and in 1930 an

enlarged and corrected edition of that catalogue as revised by Ciro Nava. Its first 56 pages contain works produced within the country and the last 10 those appearing outside it.

The publication in 1944 of the *Anuario bibliográfico venezolano* covering the year 1942 must have pleased Don Manuel Segundo Sánchez in spite of the fact that no mention of his pioneering effort was made in it and the 1942 annual was called the first one. Recognition was paid him in the 1943 annual with a portrait of him, but the accompanying note reveals that he was dead before its appearance. The continuing development since then is, however, a fitting tribute to his early efforts and those of Machado.

The national library continued to develop as the most important source of bibliographical information on contemporary Venezuela. This activity became especially pronounced with its annual publication of the *Anuario*, which offers the most comprehensive coverage available for the twelve-year period 1942-54. Appearing annually for the years 1942, 1943, 1944, 1945, and 1946, with a single volume for the years 1947-48 and the two volumes for the years 1949-54, it is a basic key to the door to knowledge of Venezuela for that period. In it one will find not only the books printed in Venezuela but also those relating to it printed elsewhere. For the years 1942 through 1948 periodical articles appearing in and out of the country on Venezuela are also cited, and a special section is devoted to the current periodical publications of the country. In each issue, also, is a section devoted to authors deceased within the period covered and bibliographical notes about their works and an appendix of titles missed earlier. All have useful indexes, including one of the printers of the books reported. A special feature of the two-volume *Anuario* for the years 1949-54 is the section devoted to authors, books, periodical articles, etc., produced within and without the country, which were censored by the Pérez Jiménez government.

A large portion of the credit for the initial production and continued development of the *Anuarios* goes to Enrique Planchart, the director from 1937 to 1953 of the national library, who continued to expand the services of that institution, and to Pedro Grases, the compiler of the annual for 1942-45. Indeed if any one person should be singled out as the predominant contributor to recent bibliographical development in Venezuela it is the latter. He either directed or inspired much of the current activity in the field. The larger part of his own production, as it deals with pre-1900

development, will not be included here, but many of those items listed have been prepared under his direction or with his support and encouragement.

In more recent years, under the direction of Felipe Massiani and his assistant Carlos Larrazábal Blanco, the national library has continued the development of current bibliography. In 1960, it published the large two-volume set of the *Anuario*, 1949-54; and we look forward with anticipation to those for the later years, which we are sure will follow. In the meantime, we have the library's other useful publications: the *Índice bibliográfico de la Biblioteca Nacional*, año 1, no. 1, Jan./June, 1956, to año 4, no. 10, Jan./June, 1959, and the *Boletín de la Biblioteca Nacional*, 3a época, no. 1, Jan./June, 1959, to date. Although neither of these are so comprehensive as the *Anuarios*, both are good bibliographical tools.

Other useful publications appeared during the same period that its *Anuario* was becoming the reality that Sánchez earlier had envisioned. One, the *Fichas bibliográficas*, was a complement to his *Bibliografía de obras didácticas*. It was compiled by Sra. Yolanda Alemán and Srta. Olga Mazzei and listed Venezuelan textbooks in use in 1946 and others recently published. The valuable *Catálogo de la exposición de libros de geografía e historia de Venezuela*, describing 1,691 books appearing within and without Venezuela, appeared also in that same year. Arranged alphabetically by author and followed by an index of titles, it forms a good finding aid for books on the history and geography of the country from the earliest times to the date of its publication. Another of 1946 was *Libros venezolanos; catálogo de la colección donada por el gobierno de los E.E.U.U. de Venezuela a la Biblioteca Nacional de Lima*. Its 1,332 titles are arranged alphabetically by author with extensive subject and title indexes to facilitate the use of the information provided. One year earlier a similar work of 1,061 titles was compiled of the books donated to the national library of Colombia: *Libros venezolanos, catálogo de la colección donada por el gobierno de los E.E.U.U. de Venezuela a la Biblioteca Nacional de Bogotá*. It also has extensive subject and title indexes and the two works supplement each other, for not all the same titles appear in both.

Although the publications of the national library are the prime source of bibliographical information, there are some lacunae that must be filled by looking to other sources. One valuable complement to the library's publications is the *Revista nacional de cul-*

tura, which first appeared in Caracas in November, 1938, and still continues. Its bibliographical section helps to bridge the gaps caused by the suspension of the *Boletín* between 1940 to 1942 and the delay in the *Anuario* for the years 1955-61. The *Revista* lists the latest books and from time to time carries special subject bibliographies. It nearly always has a good book review section and has at times in the past listed the current Venezuelan periodicals. The *Boletín de publicaciones recibidas de la Facultad de Derecho* of the Central University is especially useful at the present, because of the currency of its lists of periodicals, books, and pamphlets. Of value also are the *Boletín bibliográfico* of the Banco Central de Venezuela, 1948 to date, and the *Boletín del Archivo General de la Nación*, año 1, no. 1, March, 1923, to date, the latter especially for its information on provincial government publications and periodicals as well as books and pamphlets.

Other works have appeared which supplement or continue the work started by Sánchez and Machado. The July, 1956, issue of the *Revista de hacienda* of that ministry on pages 205-33 contains a bibliographical account of all the "Memorias del Ministerio de Hacienda from 1830-1956" as well as the *Cuentas* appearing prior to the twentieth century. The issue of Dec., 1958 (No. 36), pages 43-57, lists the *Cuentas* from 1912-54/55, and in the same issue appears an extensive index of the *Revista* from its inception in 1936 through año 21, no. 35 of 1956. This excellent index, compiled by Olga Mazzei de Giorgi, opens the door to much source material on Venezuelan finances.

I. Biography

A considerable number of biographical works have appeared in recent years. The *Diccionario biográfico de Venezuela. Publicado bajo la dirección técnica de Julio Cárdenas Ramírez* deals primarily with persons living around 1950 at the time it was compiled. It includes, however, some articles on important deceased Venezuelans and contains statistical and gazette information; all arranged in a single alphabet. In it also is a commercial and industrial directory by trade and indexes by profession of the biographical section. A year earlier appeared *Quién es quién en Venezuela, Panamá, Ecuador, Colombia*, June 30, 1952 (some title pages read: *Valores humanos de la Gran Colombia [Venezuela, Panamá, Ecuador, Colombia]*), the first 312 pages of which are devoted to Vene-

zuelans. Many entries are accompanied by small portraits, and the section has a brief list of pseudonyms as well as an index of names classified by occupation, and an alphabetical index. The latest general work of this kind appeared in 1957. The work of Ramón Armando Rodríguez, the *Diccionario biográfico, geográfico, e histórico de Venezuela*, has 887 pages set in two columns. It contains biographical and historical data from the earliest days of the conquest to the present, as well as material on demography, present political-territorial divisions, hydrography, meteorology, orography, seismology, aboriginal mythology, and pre-Colombian ethnography. Included among the biographies are many non-Venezuelans who have contributed to the cultural, scientific, religious, political, economic, and military development of the country.

Vida y obras de autores venezolanos, by Raymond Leonard Grismer and others, contains especially useful biographical sketches and lists of works of each of 59 Venezuelan authors active during the period 1900-1940. It also contains "La bibliografía de la literatura venezolana entre los años 1930 a 1940" of Pascual Venegas Filardo.

A number of other works are available to supplement these general biographical tools. Pedro Moreno Garzón's *Venezolanos ciento por ciento*, Primera serie, provides interesting personal biographical evaluations of 19 significant persons. Santiago Key-Ayala's *Bajo el signo del Ávila. Loanzas críticas* presents 12 nineteenth- and twentieth-century figures. Jesús Antonio Cova's *Bocetos de hoy para retratos de mañana* has biographies of 57 of his nineteenth- and twentieth-century countrymen: musicians, historians, novelists, poets, statesmen, and others—many of whom he knew personally. Others are Mario Briceño-Iragorrry's *Gente de ayer y de hoy* [*Bocetos biográficos*] and Arturo Uslar Pietri's *Valores humanos; charlas por televisión* (1955), Segunda serie (1956), Tercera serie (1958).

Mention should also be made of Lucas Manzano's *Gentes de ayer y de hoy*; Amelia Góngora's *Semblanzas venezolanas*; Víctor Manuel Ovalles' *Llaneros auténticos . . .*; R. D. Silva Uscategui's two-volume *Enciclopedia larense*; Modesta Izkiel's *Contribución biográfica para la historia de la cultura larense. Esquemas biográficas*; Pedro A. de Santiago's *Biografías trujillanas. Homenaje a Trujillo, en el cuarto centenario de su fundación. 1557-1957*; Virgilio Tosta's *Siete barineses ilustres. Serie histórica*; and Guillermo S.

García A., *Valores humanos del telégrafo en Venezuela en el primer centenario del telégrafo eléctrico en Venezuela, 1856-1956*.

Eduardo Carreño in his *Vida anecdótica de venezolanos* affords us very personal glimpses of the lives of significant figures of both the nineteenth and twentieth century. The amusing incidents related frequently afford a more complete idea of a person than pages of facts would. Other biographers of different groups of Venezuelans are Américo Briceño Valero, *Gobernantes de Trujillo desde el año 1557 hasta 1951*; Trinita Casado Alcalá, *Medallones venezolanos (Mujeres contemporáneas) Treinta biografías . . .*; Fabricio Gabaldón, *Rasgos biográficos de trujillanos ilustres*; Cristóbal Gallegos Silva, *Hombres de Guayana*; and *Venezolanos en el Congreso Nacional, 1953-1954. Notas biográficas de senadores y diputados . . .*

Certainly no discussion of Venezuelan biographical sources would be complete without the inclusion of the *Revista nacional de cultura*, whose every issue gives excellent sketches of its contributors, and of the fine series of *Biografías escolares* issued by the Fundación Eugenio Mendoza under the direction of Carlos Mendoza. To date at least 4 series and some 40 volumes have appeared. Each volume is prepared and written by some outstanding Venezuelan scholar and is a real contribution to the country's biographical literature.

II. Geography and Description

It is difficult to make a selection from the many titles available as reference tools on the description and geography of the country. Certainly the *Geografía de Venezuela. El territorio nacional y su ambiente físico* by Pablo Vila is one of the most complete to be found. For detailed information on the states of the country, the works of Marco-Aurelio Vila are very useful. To date he has prepared studies on Anzoátegui, Apure, Bolívar, Cojedes, Falcón, Nueva Esparta, Portuguesa, Táchira, and Zulia. His *Geografía de Venezuela* issued by the Fundación Eugenio Mendoza in 1953 is also a good reference geography of Venezuela. Other useful works of this author worthy of citation are his *Monografía de Ciudad Bolívar*, *Monografía geográfica del valle de Caracas*, and *Las regiones naturales de Venezuela*. For other studies on the states there are R. D. Silva Uscátegui's two-volume *Enciclopedia larense*; Francisco A. Martínez, *Diccionario geográfico del estado de Mérida*; Dimas Badel's *Diccionario histórico-geográfico de Bolívar*; M. Bar-

rios Frietes, *Monografía del estado Portuguesa*; George W. Hill's *El estado Sucre; sus recursos humanos*; the *Diccionario geográfico, estadístico e histórico del estado Zulia* of José Ignacio Arocha; *Visión geográfica económica y humana del estado Yaracuy* by Federico Brito Figueroa and others; and Miguel Ángel Mudarra's *El estado Miranda*.

Still other reference sources for general information on the country are Antonio Arráiz, *Geografía general*; Jesús Antonio Cova, *Geografía física y política y económica de Venezuela*; *El archipiélago de Los Roques y La Orchila*; *La región de Perijá y sus habitantes*; the beautifully illustrated *La Margarita* of Alfredo Boulton; and Casto Fulagencio López' *La Margarita, isla venezolana de las perlas. Aspectos histórico, cultural, geográfico y económico*.

For a visual idea of the country, the works of Arturo Uslar Pietri, *Tierra venezolana*, is excellent. To supplement this there are the two issues of *Venezuela: expresiones del nuevo ideal nacional*; the periodical *Venezuela Up-to-date*; and various editions of *Así es Venezuela*.

For the changing development in the political territorial division of the country, the best reference is the statistical department's *División político-territorial de la República* for 1906, 1929, 1942, 1944 (with its supplement of 1945), 1948, and 1957. As a good companion to these publications for learning the geographical names of these divisions the same department has published the *Nomenclador general de áreas y lugares habitados de Venezuela según el VII censo nacional de población levantado el 7 de diciembre de 1941* and the *Nomenclador nacional de centros poblados y divisiones político-territoriales* according to the eighth census of 1950.

Now available are reference sources on a wide variety of subjects. For fine arts there are *La ciudad y su música* of José Antonio Calcaño, a chronicle of the musical life of Caracas from its earliest days to the present; José F. Acevedo Mijares, *Historia del arte en Venezuela*; and *La pintura en Venezuela* with pictures and biographies of the artists. For sports there are Lucho Cárcano's *Venezuela y su hipismo* and C. Salas, *Los toros en Venezuela*, profusely illustrated. Rafael Gómez Picón has given us his fine works on the Orinoco River, tracing its course from the Río Negro, upper Orinoco, Central Orinoco, and the lower river. *Orinoco, río de la libertad*, with a lengthy bibliography and profusely illustrated,

portrays the life of the river and the people along it. Other references relating to rivers are *Río Tocuyo. Aspectos de su pasado y su presente* by Pedro N. Pereira and *Rionegro; reseña etnográfica, histórica y geográfica del territorio Amazonas*, by Bartolomé Tavera-Acosta. Other useful reference tools are the *Anuario eclesiástico venezolano*; the *Guía postal de los E.E.U.U. de Venezuela*; *El correo en Venezuela* by Francisco Vélez Salas; his *El correo en el estado Lara* and *Diccionario postal de Venezuela. Cuaderno primero: Estado Anzoátegui*; and the government's *Legislación postal venezolana*.

III. Atlases, Maps, and Guides

Atlases and maps are necessary tools in any study of a country or area. Many maps will be found in the various works of geography already mentioned, but there are several others to be mentioned. The *Atlas de las carreteras de Venezuela* was issued in 1954 by the Consejo Nacional de Vialidad. Early in 1946 appeared the *Cartografía histórica de Venezuela 1635-1946. Selección de los principales mapas publicados hasta la fecha*, issued by the section of the Pan American Institute of Geography and History located in Caracas. The Dirección de Cartografía Nacional has prepared various special maps of the country, among them are *Mapa físico y político de la República de Venezuela*, 1:1,000,000; *Mapa de recursos minerales de Venezuela*, 1:1,000,000; and *Carta aeronáutica seccional*, 1:500,000. The oil companies have also contributed maps on the country, such as the *Mapa de las vías de comunicación de los Estados Unidos de Venezuela*, 1:1,000,000, of the Caribbean Petroleum Co.; *Mapa físico; República de Venezuela*, 1:1,000,000, of the Shell Oil Co. of Venezuela; and also by this company the *Mapa del norte de la república de Venezuela*, 1:500,000, and the *Carreteras de Venezuela; planos de las principales rutas del país, agrupados en forma especial* and *Mapa de Caracas y sus alrededores, con mapas del litoral y de algunas urbanizaciones*. On the city of Caracas, perhaps the best set of maps is the four-volume *Guía plano de calles, inmuebles y comercios de Caracas 1960*. Juan Jones Parra has contributed the *Atlas de Venezuela; datos de geografía, política y económica. Vías de comunicación*, the pocket atlas of Venezuela in various editions both in Spanish and English.

There are numerous other guides to what Venezuela has to offer to the tourist or the newcomer, whatever his need. Among these

are Vincencio Báes Finol's *Venezuela, informaciones útiles para los emigrantes*; José Dallos H., *Guía social y comercial de Venezuela*; the *Directorio de importadores y exportadores de Venezuela* with introduction and indexes in both Spanish and English; the three volumes and supplements of the *Guía industrial y comercial de Venezuela*; *Índice industrial y comercial de Venezuela, Información sobre 15,000 firmas en 200 ramos de actividad* (1942); and the *Índice industrial y comercial de Venezuela* (1949). Then there are guides to specific cities or states, such as *Caracas, guía histórico-artístico e indicador general*; *Caracas en la mano, guía práctico de la ciudad*; the *Guía profesional del Distrito Federal*; and the *Manual de tránsito, guía comercial e industrial*. For Maracaibo there are the *Guía turística de la ciudad de Maracaibo*; the *Guía de Maracaibo monumental*; the *Nueva nomenclatura de la ciudad de Maracaibo, directorio mercantil y profesional, manual de direcciones, índice de clasificados*; for Valencia and Puerto Cabello, the *Directorio industrial, comercial y profesional de Valencia y Puerto Cabello*; and for the state of Lara, the *Guía económica y social del estado de Lara*. These are all useful tools, but because of the extremely rapid growth of the cities of the country, many of these guides rapidly become out-of-date and useful only as research tools. For this reason the current telephone directories are frequently the most up-to-date guides to the cities. At all times they are extremely useful.

IV. Medicine—Hygiene—Health

When Sánchez compiled his "Bibliografía de índices bibliográficos relativos a Venezuela" in the early 1930's, he listed only two works on medical bibliography with both relating to pre-1900. Since then there have appeared far too many to list all here. Ricardo Archila, who has done the most in making the Venezuelan medical literature accessible, has himself contributed seven imprints of this kind. In the preface to the first volume of his *Bibliografía médica venezolana*, in 1946, he stated that the need for a guide had been pointed out by Dr. Adolfo Frydensberg in 1895 in his "Materiales para la bibliografía nacional," which cited a few titles. Later Dr. Víctor Manuel Ovalles urged that the profession cooperate in the compilation of a bibliography. Some scattered brief publications on various specialties did appear from time to time which are cited on pages 13-16 under "Fuentes bibliográficas" of Archila's first

edition of a general Venezuelan medical bibliography. He also lists the various periodicals containing medical data. The book is arranged alphabetically by author with his contributions given in chronological order. There is no subject or title index.

This first edition of 705 pages was a useful contribution, but there was room for improvement; the second edition was improved when it appeared in 1955. It is arranged alphabetically by author and subject and also has an author and subject index at the end. Another edition appeared in 1960. Although it is called the third edition, actually it is an addenda to the earlier 1955 edition and lists the medical works appearing between 1952 and 1958. In it are 1,561 authors and 5,367 works. New features of this edition are brief biographical sketches of deceased doctors, a list of scientific films produced in the country, and brief reviews of the new books listed. Author-subject indexes complete this most valuable aid. In 1951 appeared Ricardo Archila's *Bibliografía otorrinolaringológica venezolana hasta 1950*. Another recent valuable guide to medical development is Oscar Beaujon's *Bibliografía del Hospital Vargas*. Appearing in 1961, it contains brief biographical sketches of physicians past and present and information on nurses and others connected with that institution. Still another 1961 medical imprint is Fermín Vélez Boza's *Bibliografía venezolana de histología, embriología y genética*. Ignacio Pérez Galdos' *Resúmenes de trabajos médicos venezolanos (1943)* is another bibliographical aid, and still others will be found listed in the second and third editions of Archila's bibliography.

At the same time that medical bibliographies have been developing, reference tools in this field have been keeping pace. Archila, active in this work also, has given us the fine two-volume *Historia de la sanidad en Venezuela*, which among other valuable information contains names and photographs of all those who have held the position of director of health during the twentieth century and a useful chapter on societies, congresses, and meetings on the subject, as well as a chapter on periodical publications devoted to health. Also from his pen have come a fine biography of Luis Razetti and a brief report on the *Orígenes de la estadística vital en Venezuela*. Others also were contributing their part. Pedro A. Gutiérrez Alfaro produced *La obstetricia en Venezuela; ensayo histórico*, an exceedingly interesting book with chapters on medical folklore and terminology; and Ambrosio Perera, his *Historia de la medicina en Venezuela*.

Other works closely related to medicine were being made available also. Fermín Vélez Boza's *Bibliografía venezolana sobre alimentación y nutrición* appeared in 1950 as Cuaderno no. 3 of the *Publicaciones del Instituto Nacional de Nutrición*. In 1942 the government issued the first edition of the *Farmacopea de los Estados Unidos de Venezuela* and Ramón Briceño Perozo published his *Apuntes de legislación farmacéutica venezolana* in 1952. In 1944 Julio de Armas issued his *El problema de la insalubridad rural en el estado Guarico; breve estudio médico-social de las principales endemo-epidemias tropicales* with its eight pages of bibliography. The following year there appeared Rafael Rísquez-Iribarren's *La asistencia médica en el medio rural venezolano*. The Department of Demography and Epidemiology began publication in 1938 of the extremely valuable *Anuario de epidemiología y estadística vital*, which is still appearing regularly, and two years earlier the Ministry of Sanitation and Social Assistance began issuing its fine *Revista venezolana de sanidad y asistencia*, which continues to be a mine of information on its subject fields. Also the library of the same Ministry issued in 1943 the *Catálogo de los libros de la Biblioteca del Ministerio de Sanidad y Asistencia Social, organizado por Cecilia Ospina*. The catalogue, a general one covering the subject throughout the world, contains considerable material relating to Venezuela. Two other imprints to be noted are Germán Vegas, *La higiene y el derecho en Venezuela* and the *Reglamento de sanidad nacional de los Estados Unidos de Venezuela*. Before passing on to another field, a good reference source on the development of psychiatry in Venezuela should be cited. It is *La psiquiatría en Venezuela desde la época precolombiana hasta nuestros días* of Ricardo Álvarez. It ranges all the way from magic and astrology in the life of the people to the most serious studies. There is much biographical information given on the leaders in this field during its different periods of development, and each chapter is followed by a bibliography.

V. Natural Sciences

Much information, both bibliographical and factual on development in the natural sciences will be found in material cited elsewhere in this paper, but there are other specific works to be mentioned. José Saer D'Heguert's "Apuntes para la bibliografía botánica venezolanista" appeared in the *Boletín de la Sociedad Vene-*

zolana de Ciencias Naturales in 1942. Also in that review appeared "Bibliografía del Dr. Henri Pittier 1878-1937" compiled by Alfredo Jahn; that bibliography in its 247 titles directs one to many works relative to Venezuelan flora and other scientific life. Other bibliographies of the natural sciences appearing in the *Boletín* are Eduardo Röhl's "Apuntes para la historia y la bibliografía de la ornitología venezolana," the most extensive of its kind on the subject at the time of its publication; his "In memoriam. Doctor Guillermo Delgado Palacios," which contains a good bibliography of the works of that Venezuelan scientist; L. Kehrer's "Bibliografía geológica de Venezuela"; José Félix Soto's "La sismología en Venezuela"; and Gastón Vivas Berthier and Edgardo Mondolfo's "Bibliografía venezolana. Entomología, metacología, ictiología y epertología."

The "Bibliografía e índice de la geología de Venezuela" of Hollis Dow Hedberg and F. Hedberg appeared in nos. 58-59 of año VII of the *Revista de Fomento* (1945) and also appeared as a separate; the "Bibliografía e índice de geología, minería y petróleo de Venezuela, primera parte 1950-1958," of Bohdan Karol and Josefina Forjonel C. appeared in the *Boletín de geología de la Dirección de Geología*, volume V, no. 10; and the special publication no. 1, *Stratigraphical Lexicon of Venezuela*, issued by that Dirección in both English and Spanish, contains some fifteen pages of bibliography.

Other reference works on these sciences, many of which contain useful bibliographical data, are: on Venezuela flora, the two-volume *Catálogo de la flora venezolana* of Henri Pittier and others; Pittier's *Clave analítica de los géneros de plantas hasta hoy conocidos en Venezuela*; his *Manual de las plantas usuales en Venezuela* and its supplement; and *La evolución de las ciencias naturales y las exploraciones botánicas en Venezuela*, supplement to no. 14 of *Cultura Venezolana*; Leandro Aristeguieta's *Clave y descripción de la familia de los árboles de Venezuela*; Víctor M. Badillo Franceri's *Clave de las familias de plantas superiores de Venezuela*; Hermano Elías' *Plantas oleaginosas cultivadas o que crecen espontáneas en Venezuela*; and Francisco Vélez Salas, *Importancia de las plantas medicinales para la terapéutica y la economía de Venezuela*.

On the subject of climatology there are: Eduardo Röhl's *Climatología de Venezuela*; Epifanio González P.'s *Climatología de Venezuela*; his *Datos detallados de la climatología de Venezuela*; José A. Vandellós' *Estudio sobre la pluviometría en Venezuela*; and Marco Aurelio Vila's *Los meses-punta pluviométricos en Venezuela*.

On Venezuela fauna are Eduardo Röhl's *Fauna descriptiva de Venezuela* and the second enlarged and corrected edition: *Fauna descriptiva de Venezuela (vertebrado)*; and Kathleen Deery de Phelps' *Aves Venezolanas. Cien de las más conocidas*; the two-volume *Lista de las aves de Venezuela con su distribución* of William H. Phelps and William H. Phelps, Jr., Tomo II, Parte I and II, of which Part II appeared in *Boletín* no. 75 (March, 1950) and Part I in no. 90 (May, 1958). It should be pointed out here that this review is an indispensable reference tool for bibliographical data on natural science development in Venezuela.

On Venezuelan mineral resources are Guillermo Zuloaga's *Geografía petrolera de Venezuela*; Wilbur Lundine Nelson and others' *Venezuela Crude Oils*; the *Boletín de geología* of the Dirección de Geología; the annual reports and special reports of the Ministerio de Minas e Hidrocarburos; the reports of the three Venezuelan geological congresses and of the national convention of petroleum; Antonio Planchart Burguillos' *Estudio de la legislación venezolana de hidrocarburos. Desenvolvimiento histórico de ella*; Rufino González Miranda's *Estudios acerca del régimen legal del petróleo en Venezuela*; Luis González-Berti's two-volume *Compendio de derecho minero venezolano*; Víctor Manuel López' *Informe geológico y minero de los yacimientos de cobre de Aroa, estado Yaracuy*; and the publications of the various petroleum and mining companies. One would expect to find some recent Venezuelan works on the iron industry of that country, but I was unable to find material on this subject except that appearing in the related government reports or in company reports.

VI. History

Bibliographical and reference sources on the political history of contemporary Venezuela are limited indeed. Apparently most authors either feel that they are still too close to events to have a clear perspective or that treatment of them is too dangerous to them personally. There have been few works on the twentieth-century development of the country either within or without the country, and many of those few are polemical rather than historical.

I had awaited with great anticipation *Venezuela independiente 1810-1960*—the work of Mariano Picón-Salas, Augusto Mijares, Ramón Díaz Sánchez, Eduardo Arcila Farías, and Juan Liscano—which was published by the Fundación Eugenio Mendoza—with

the expectation that it would treat in some detail political history of the modern period. It devotes only 12 pages out of 139 to the twentieth-century political history, and many of those are arguing that such a history should be written. It is hardly more than a brief outline of the topics that should be developed in such history. Perhaps, as Sr. Mijares points out, the lack of treatment of the period can be attributed to the fact that when one is a part of a historical development, he either does not recognize it or he understands it poorly.

Fortunately for those interested in Venezuelan development, Díaz Sánchez in the same work devotes almost a third of his study of the "Social Evolution of Venezuela (up to 1960)" to the period since 1900 and gives a concise but broad sketch of all elements—education, oil, political parties, agriculture, immigration, population, etc.—which have contributed to this evolution. Also there is much information for the historian of twentieth-century Venezuela in Arcila Farías' contribution to this work, entitled "Economic Evolution in Venezuela."

Because of the fact that historical bibliography seems to be largely lacking in most bibliographical guides, a few titles that are of value to the historian interested in the period will be cited. There are a number of general works, such as the 1961 edition of the *Historia de la historiografía venezolana* edited by Germán Carrera Damas; Antonio Dávila's *La dictadura venezolana*; Vicente Dávila's *Problemas sociales*; Laureano Vallenilla Lanz' *Cesarismo democrático* and *Disgregación y integración*; Ramón David León's *Hombres y sucesos de Venezuela*; *la república desde Antonio Páez hasta Rómulo Gallegos*, and his *Por donde vamos (historia de un feto)*; and Rómulo Gallegos, *La historia política de Venezuela. De Cipriano Castro a Pérez Jiménez*.

In more recent years two men have devoted much time to the writing of more modern textbooks of the country's history and the works of each have useful bibliographical aids. José Manuel Siso Martínez had his *Historia de Venezuela* published in Mexico in 1953. This is a history in the tradition of Gil Fortoul, not a personalistic work. Guillermo Morón had his two-volume *Historia de Venezuela* published in Madrid in 1956-58; it is a scholarly work on the country with biographical and bibliographical notes. A new edition of this work appeared in 1961.

Other general works of historical interest are Mario Briceño—Iragorri's *Mensaje sin destino (ensayo sobre nuestra crisis de pueb-*

lo); Pablo Ruggeri Parra's *Historia política y constitucional de Venezuela*; Francisco Alfonzo Ravard's *La cuestión social*; Juan Vicente González' *Historia del poder civil en Colombia y Venezuela*; Santos Erminy Arismendi's *Los pabellones y banderas de la patria*; Santiago Briceño Ayestaran's *Memorias de su vida militar y política . . .*; Ramón Ojeda Briceño's *El territorio Amazonas; contribución para la historia del territorio federal Amazonas*; and Mario Briceño-Iragorry's *Introducción y defensa de nuestra historia*. For the history of the Cipriano Castro period, there are Mariano Picón-Salas, *Los días de Cipriano Castro*; Carlos Brandt, *Bajo la tiranía de Cipriano Castro*; J. Calcaño Herrera, *Bosquejo histórico de la revolución libertadora, 1902-1903*; and Pedro María Morante, *Los felicitadores*.

For the story of the Gómez regime, there are Pedro Manuel Arcaya, *Venezuela y su actual régimen*; José Rafael Pocaterra, *Memorias de un venezolano de la decadencia*; Alejandro Rescaniere, *Guerra de guerrillas*; Esteban Roldán Oliarte, *El general Juan Vicente Gómez*; Pedro María Parra, *Venezuela oprimida; cuadros políticos del gobierno de Gómez*; Ramón Romero, *El gran bellaco*; Humberto Tejera, *Cinco águilas blancas*; and Pedro García Gil, *Cuarenta y cinco años de uniforme. Memorias, 1901 a 1945*.

For the events of the last thirty-odd years there is much more available than for the earlier years of this century. Arturo Usler Pietri has contributed *De una a otra Venezuela* and recently *Materiales para la construcción de Venezuela*, and Juan Usler Pietri has given us his *La estructura social y política de Venezuela*. Many works by, or about the political life of, President Rómulo Betancourt have appeared: *Rómulo Betancourt. Pensamiento y acción*; *Rómulo Betancourt: Semblanza de un político popular, 1928-1948*; *Rómulo Betancourt, interpretación de su doctrina popular y democrática*; his *Venezuela rinde cuentas*; *Posición y doctrina*; *Trayectoria democrática de una revolución*; and *Venezuela: política y petróleo*.

Mariano Picón-Salas has contributed his *1941, cinco discursos sobre pasado y presente de la nación venezolana* and *Comprensión de Venezuela*. Joaquín Gabaldón Márquez has presented *Archivos de una inquietud venezolana* and *Páginas de evasión y devaneo (1948-1958)*. Eleazar López Contreras has contributed his *Páginas para la historia militar de Venezuela* and *El triunfo de la verdad; documentos para la historia venezolano*. Juan Antonio Cova has written of his imprisonment in *Entre barrotes; diario de un perio-*

dista en la cárcel; Diego Córdoba, of exile, in *Soñadores en el destierro*; and Alejandro Gómez has offered his satirical *Los columpios*. Luis Enrique Osorio wrote of *Democracia en Venezuela* and Pedro María Morante of personalism and truth in *Amarillo, azul y rojo*.

On Pan-Americanism during the period, there are Eduardo Plaza A's *La contribución de Venezuela al panamericanismo durante el período 1939-1943*; and the works of Simón Planas Suárez: *La solidaridad americana; historia y crítica de la época presente; Venezuela soberana, panamericanista no regionalista; Páginas de preocupación y patriotismo, 1936-1941*; and *Cuestiones internacionales y políticas*.

Other works which could be noted here will be listed in the accompanying bibliography; but before terminating this section on history, reference should be made to some of the useful journals appearing in this field. The *Boletín de la Academia Nacional de la Historia*, which began in 1912, still appears regularly. The *Boletín del Archivo General de la Nación* has been full of historical aids of all kinds since its beginning in 1923. A new historical review being published by the Centro de Estudios Históricos of the Humanities and Education Faculty of the Central University promises to be a good one. Although to date most of the articles in the *Revista de Historia* which began in April, 1960, are on the colonial period, it can be expected to present material on the twentieth century also. *Política*, beginning with September, 1959, is an excellent journal dealing almost exclusively with contemporary Venezuela; and much that has already appeared is very useful and will remain so when the history of this century is written. Historical information is to be found, of course, in great abundance in many government publications, especially annual reports and journals too numerous to list here.

VII. Political Parties

The best recent study on political parties of Venezuela is Manuel Vicente Magallanes' *Partidos políticos venezolanos*, which includes useful bibliography for further research on the subject. Magallanes gives a brief historical account of parties both past and present. Another work deals with the P.D.V. (Partido Democrático Venezolano) from whose initials the author fashioned his title, *Por donde vamos*. This work of Ramón David León actually deals with

parties of the 1930's and the relations of these to other parties in neighboring Latin American countries.

VIII. Constitution and Laws

For the early constitutional development in Venezuela the three-volume work of José Gil Fortoul, *Historia constitucional de Venezuela* is the basic tool. Its extensive bibliography on the subject for the period covered is very useful. Other works on the subject are also good. Some of these are Ulises Picón Rivas, *Índice constitucional de Venezuela*, which contains all the constitutions from 1811 to that of 1936 and three pages of bibliography on the subject. The *Elementos de derecho constitucional y constitución de la república* of Pablo Celis Briceño has an extensive bibliography; Ambrosio Oropeza analyzes the various constitutions of the country in his *Evolución constitucional de nuestra república; análisis de las constituciones que ha tenido el país*; and Pablo Ruggeri Parra gives a juridical historical study of it in his *Derecho constitucional venezolano*, whose second edition appeared in 1953.

The primary reference source for all of the constitutions and all laws of Venezuela is, of course, the *Gaceta oficial* of the government or the two large collections of laws: *Recopilación de leyes y decretos* which has appeared annually for the years 1872 to date and the 18-volume *Leyes y decretos reglamentarios de los Estados Unidos de Venezuela*. Time and space are too limited to detail here the different civic, commercial, industrial, and penal codes, which have appeared in numerous editions.

IX. Treaties Sources

The best reference source on treaties and other agreements of the Venezuelan government with foreign countries is *Tratados públicos y acuerdos internacionales de Venezuela* (eleven volumes issued to date), a chronological collection covering the period 1820 to 1955. A table of treaties in force as of the date of the volume is contained in volumes III, IV, VI, and VII. In the introduction to volume VIII, it was stated that volume XI would contain a similar table but the volume does not have one. Although this is the most comprehensive reference source for information on Venezuelan treaties, perhaps we should also mention the earlier *Colección de tratados públicos de Venezuela*, which, arranged chronologically, contains treaties from 1820 to 1909.

The best source for treaties effected since 1955 is the *Gaceta oficial*, which carries both the legislative decrees of approval and the texts of the treaties. This information is also contained in the annual volumes of the *Recopilación de leyes y decretos*; and the annual report of the Ministry of Foreign Relations to the Congress, the *Libro amarillo*, also carries the text of treaties and treaty information from 1835 to 1961.

X. Literature

Venezuelan literary production has developed broadly during the twentieth century so that it is not surprising that there should be more bibliographical sources available for it than for any other subject field. Probably the most comprehensive work and the latest is Juan Liscano's "Ciento cincuenta años de cultura venezolana" on pages 421-655 of *Venezuela independiente 1810-1960*. Liscano deals with all phases of the written works, including political, sociological, educational, scientific, etc., as well as *belles lettres* as the term "literary" is often interpreted. As his title implies, he covers the whole broad range of cultural development so that his study is an indispensable reference source on Venezuelan culture from 1810 to 1960.

Still he does not exhaust the subject. He simply illustrates how far and how continuously Venezuela has developed in the past 150 years. There is no bibliography as such accompanying his article, but the volume as a whole has a lengthy index which facilitates the use of the voluminous data found in Liscano's contribution.

There are other bibliographical aids, some of which have already been mentioned in earlier sections of this paper and will not be repeated here. A useful guide to literary source materials printed before 1950 is the work of Pedro Grases, "Fuentes generales para el estudio de la literatura venezolana" in *Revista nacional de cultura*, año XI, no. 81 (julio-agosto, 1950), pp. 86-99. Recently Angel Mancera Galletti has contributed *Quienes narran y cuentan en Venezuela; fichero bibliográfico para una historia de la novela y del cuento venezolanos*, and José Ramón Medina's work appearing in 1959, *La nueva poesía venezolana*, includes a preliminary bio-bibliography of 38 living Venezuelan poets. Pascual Venegas Filardo's "Bibliografía de la literatura venezolana entra los años 1930 a 1940" (already cited) has appeared in many re-editions, one

of which was Mariano Picón-Salas' *Literatura venezolana*, 3. ed., which also contains a brief "Bibliografía resumida" on pages 222-25. Arturo Uslar Pietri in *Letras y hombres de Venezuela* offers a "Bibliografía básica"; José J. Arrom lists Venezuelan drama in his "Bibliografía dramática venezolana" in the *Anuario bibliográfico venezolano* for 1946; and Irma de Sala Ricardo has pages 13-23 of the *Informe de la Asociación Cultural Interamericana 1940-1941* devoted to "Datos biográficos y bibliográficos sobre las poetisas venezolanas."

Pedro Grases has published two other bibliographical works: *Temas de bibliografía y cultura venezolanas* and *Nuevos temas de bibliografía y cultura venezolanas*, neither of which I have had available for consultation to learn whether they deal with contemporary Venezuela. From references available it would appear that the latter title has material on both twentieth-century literary and historical development.

There are a number of recent works with extensive bibliography on Rómulo Gallegos: *Rómulo Gallegos y la problemática venezolana* by Angel Damboriena; the 1954 Mexican edition of *Doña Bárbara*; and Orlando Araújo's *Lengua y creación en la obra de Rómulo Gallegos*. Another of his works that is a valuable one is *Una posición en la vida*. Another reference source on the subject of contemporary literature is Joaquín Gabaldón Márquez' *Memoria y cuento de la generación del 28*. There are many other works with much bibliographical data and some of the recent ones will be listed in the bibliography accompanying this paper.

XI. The Press

There are several reference sources for the press. One of the most recent is Humberto Cuenca's *Imagen literaria del periodismo*, whose "Trajectory of the Venezuela Press" begins with the revolutionary period and comes down to 1960. The sections covering the twentieth century are especially pertinent and useful. Pedro Grases' *Materiales para la historia del periodismo en Venezuela durante el siglo XIX*, in spite of its title, has considerable data on twentieth-century newspapers, especially provincial ones. It has data on the printing press as well as newspapers, and the prologue contains a useful bibliography to Venezuelan periodicals. Other useful bibliographic sources are José López de Sagredo y Bru's

Indice de periódicos y periodistas del estado Zulia (1821-1948); Emilio Menotti Sposito's *La prensa en el estado Mérida . . . ; nómina de las revistas y periódicos que vieron la luz en el estado Mérida desde 1840 hasta 1950*; Rafael S. Guerra's *Apuntes para la historia del periodismo de Carabobo*; J. Sáez d'Heguert's *Prensa barquisimetana*; and Santos Erminy Arismendi's "La imprenta y el periodismo en Carúpano" in *Boletín de la Biblioteca Nacional*, Caracas, no. 7 (April, 1925).

XII. Folklore

A good bibliography on Venezuelan folklore is to be found at the end of Rafael Olivares Figueroa's second volume of *Folklore venezolano* under the title "Contribución a la bibliografía del folklore venezolano." Isabel Aretz has published a *Manual de folklore venezolano* and Miguel Cardona and others a *Panorama del folklore venezolano*. Probably the best brief history of the developments in the folklore of the country is to be found in the two sections "Cultura popular" and "Costumbristas e investigadores del folklore" of Juan Liscano on pages 435-61 of *Venezuela independiente 1810-1960*. Another of his works on the subject is *Folklore y cultura*. José Eustaquio Machado's *Cancionero popular venezolano* was republished and made available in 1946, and Santos Erminy Arismendi's valuable *Refranes que se oyen y dicen en Venezuela* appeared in 1953 as did his *Huellas folklóricas: tradiciones, leyendas, brujerías y supersticiones*.

Other significant works are Luis Felipe Ramón y Rivera and Isabel Aretz, *Folklore táchirense*; Víctor Manuel Ovalles, *El llanero*; Miguel Acosta Saignes, *Las turas*; and Julio Febres Cordero, *Mitos y tradiciones*. Practically all supply additional reference sources.

Several reviews devoted to folklore have appeared in the contemporary period and are cited here because of both their bibliographical and reference value. They are the *Revista venezolana de folklore*, no. 1-2, Jan.-Dec., 1947, of the Servicio de Investigaciones Folklóricas Nacionales; the *Boletín del Instituto de Folklore*; and the presently current *Archivos venezolanos de folklore* no. 1, Jan.-Dec., 1952, of the Humanities Department of the Central University. Other reviews, which frequently carry folklore material, are the *Revista nacional de cultura*; the publications of the Sociedad de Ciencias Naturales La Salle; and *El Farol*.

XIII. Linguistics

Since the publication in 1897 of Julio Calcaño's *El castellano en Venezuela; estudio crítico* with its study of *venezolanismos*, there have been a considerable number of linguistic works published in Venezuela, and each contains much bibliographical data relating to the subject. In 1929 the distinguished Venezuelan linguist, Lisandro Alvarado, published his *Glosarios del bajo español en Venezuela*, which was later republished in his *Obras completas*: volume I, *Glosario de voces indígenas de Venezuela* (1953); volume II, *Glosarios del bajo español en Venezuela*, part 1 (1954), and volume III, *Glosarios del bajo español en Venezuela*, part 2 (1955). Angel Rosenblat has also contributed to this field with his *Buenas y malas palabras en el castellano de Venezuela* with a prologue by Mariano Picón-Salas; *El nombre de Venezuela*; and *Lengua y cultura de Venezuela*. Also useful are Roberto Martínez Centeno, *Barbarismos y solecismos*; Inés de Müller, *Venezolanismos y otras palabras muy usadas*, and Henri Louis Anne van Wijk, *Contribución al estudio del habla popular de Venezuela*. Pedro Grases in his *Estudios de castellano. Bibliografía venezolana* gives a bibliographical analysis of works on the Spanish language done by Venezuelans.

For Indian languages, we have the two volumes of Cesáreo de Armellada's *Gramática y diccionario de la lengua pemón. Arekuna, Taurepán, Kamarakoto (familia caribe)*; Basilio María de Barral's *Diccionario guarao-español y español-guarao*; and the *Diccionario castellano-arekuna* issued as the appendix to Alessandro Luciano Bernardi and Luis Ruiz Terán's *Estudio botánico-forestal de las selvas pluviales del Río Apacará, región de Urimán, estado Bolívar* (1957).

XIV. Fine Arts

In the fine arts, the best reference source for music is José Antonio Calcaño's *La ciudad y su música. Crónica musical de Caracas*. His *Contribución al estudio de la música en Venezuela* is also useful. Useful, too, are Arnold Stallbohm's *La música, sus intérpretes y el público de Venezuela* and C. Salas and E. Feo G., *Sesquicentenario de la ópera en Caracas. Relato histórico de ciento cincuenta años de ópera 1808-1958*. Another useful work is *Himno nacional y el de cada uno de los estados de la Unión Venezolana, e*

incluyendo, además, el joropo "Alma llanera" del maestro don Pedro Elías Gutiérrez. For painting, there are Mariano Picón-Salas, *La pintura en Venezuela*; Enrique Planchart, *La pintura en Venezuela* with prologues by Fernando Paz Castillo and Pedro Grases; and José Nucete-Sardi, *Notas sobre la pintura y escultura en Venezuela*, 3. ed. Juan Liscano in "Ciento cincuenta años de cultura venezolana" supplies much information on both musical development and that of the plastic arts in this century.

XV. Education

There has not been a great deal written on contemporary education apparently. Liscano gives no bibliographical citations worthy of note about it and only a small amount of statistical data. Most of what has appeared is in the various government and university publications. Alexis Márquez Rodríguez has recently published *Presente y futuro de la educación en Venezuela*. Earlier there appeared Luis Padrino's *Panorama de la educación en Venezuela* and F. Angel Losada's *Problemas educacionales*. Also useful is *Instrucción pública en Venezuela* and the recent *Compilación legislativa de educación venezolana. Leyes, reglamentos, resoluciones y normas vigentes*.

XVI. Economics

Knowledge of agricultural development has been made more accessible by the appearance of bibliographical aids. In 1943 there appeared *Contribución a la bibliografía venezolana de temas agropecuarios* prepared by Pedro Grases and arranged by subject. This was followed in 1946 by *Contribución bibliográfica a las investigaciones en ciencias agrícolas y biológicas y otras relacionadas con ellas*, compiled by Gastón Vivas Berthier. It is a lengthy general bibliography on world agriculture, with titles on Venezuela, but it has its place in the bibliographical development of the period. The *Índice bibliográfico agrícola de Venezuela* appeared in 1957; compiled by Víctor M. Badillo and C. Bonfanti, it is an excellent and extensive study based on most Venezuelan periodicals and government sources. It lists archives, libraries, and periodicals consulted, is arranged by subject, has both author and subject indexes, and was published by the Fundación Eugenio Mendoza.

A good recent guide to farm produce marketing and economic

aspects of Venezuelan agriculture is the *Bibliografía sobre mercadeo de productos agropecuarios venezolanos*, prepared by the Division of Agricultural Economy of the Dirección de Planificación Agropecuaria. Another bibliographic tool in the economic field is Carlos Miguel Lollet Calderón's *Introducción a la bibliografía venezolana y repertorio de la bibliografía venezolana económica y social*.

Probably the two best reference sources on the economic developmental problem are *The Economic Development of Venezuela* of the mission sent to that country at the request of its government to make a study of conditions there and to recommend a program, and *The Fiscal System of Venezuela*, a report made by the Commission to Study the Fiscal System of Venezuela. Both these studies were made by foreigners at the request of the Venezuelan government and with its assistance, and for that reason are included here as a development emanating from that country. Neither has a bibliography of sources, but both have good indexes and are excellent on the subject they treat. The latter has also been published in Spanish in two volumes: *Informe sobre el sistema fiscal de Venezuela*. Another useful book on these subjects is *Venezuela. Business and Finances* by Rudolfo Luzardo. The author in the preface explains that he has put it into English first because its purpose is to inform foreign investors on economic conditions of the country. Already mentioned earlier is the *Bosquejo histórico de la vida fiscal de Venezuela* covering Venezuela fiscal life up to 1924. Other works that should be mentioned here are Ramón Véloz' *Economía y finanzas de Venezuela desde 1830 hasta 1944* and Tomás Enrique Carrillo Batalla's "El desarrollo del sector manufacturero industrial de la economía industrial" in *Boletín bibliográfico mensual*, año III, no. 17 enero/junio, 1962.

Arturo Uslar Pietri's *Sumario de economía venezolana para alivio de estudiantes*, issued for the use of students at the Central University, is a mine of information on all phases of economic development up to 1944 and the same is true of the second edition corrected and brought up to date with the collaboration of Hermán Avendaño Mongón, D. F. Maza Zavala, and Bernardo Ferrán, and issued by the Fundación Eugenio Mendoza in 1958. Both editions are illustrated with maps, charts, tables, diagrams, etc. A similar work is the *Lecciones de economía venezolana* of Professor Roberto Moll given in the Central University in 1941-42, which first appeared in numbers 48-55 of the *Revista de Fomento* and was after-

wards brought together and issued as a book. It has a useful index and is a good reference work for the period it covers.

Eduardo Arcila Fariás in his "Evolución de la economía en Venezuela" on pages 343-420 of *Venezuela independiente 1810-1960* gives a brief survey of economic development during this century and a short bibliography of sources.

Useful reference sources on the economic geography of the country are Manuel Montaner S., *Geografía económica de Venezuela*; Antonio Arráiz and E. L. Egui, *Geografía económica de Venezuela*; and Adrián Coll Reyna, *Geografía económica de Venezuela*. On the agrarian reform is the informative *Colección de estudios agrarios*, a collection of brief monographs written largely by Víctor Manuel Giménez Landínez with each one devoted to a special phase of the problems involved. Also on the subject is the publication of the Presidency, *Hacia la independencia económica de Venezuela . . .*, which has the text of the agrarian law as well as the speeches of the President and others. There are numerous works on the subject, including Arturo Uslar Pietri, *Materiales para la construcción de Venezuela*, and Ramón David León, *De agropecuario a petrolero*.

To attempt to go more fully into the available literature on the economic development of Venezuela would make this paper entirely too lengthy. Many works prepared both by individuals and by government bodies would have to be included. Many will have to be omitted. Some should be mentioned, however, like the publications of the Consejo de Bienestar Rural and the Corporación Venezolana de Fomento, and the many valuable ones of the Dirección General de Estadística, the Banco Central, and all the other government bodies as well as the economic journals of the various universities.

It had been my hope to present with this paper a list of the many long-lived Venezuelan periodicals, for they witness very clearly to the continuing development of Venezuela; but neither time nor space will permit their inclusion here. It is to be hoped that the material presented does show that in respect to the bibliographical and reference sources produced in contemporary Venezuela there has certainly been a case of development.

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